

JANUARY 1981

REVIEW AND EVALUATION OF THE
PRIVATE POSTSECONDARY EDUCATION ACT OF 1977

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

California Postsecondary
Education Commission

Resolution 3-81

Approving Review and Evaluation of the Private
Postsecondary Education Act of 1977

WHEREAS, The Legislature, when it adopted the Private Postsecondary Education Act of 1977, directed that

. . . within three years following the effective date of this act, the Legislative Budget Committee, in cooperation with the California Postsecondary Education Commission, shall review and evaluate the implementation of the provisions of this act by the Department of Education, and shall report to the Legislature the results of this review and evaluation

and

WHEREAS, The Commission report prepared in response to that directive provides a review and evaluation of the effectiveness of the Act in (1) assuring the quality of degree, certificate, and other educational programs offered by private postsecondary institutions, and (2) providing the educational consumer with protection from substandard educational enterprises; now, therefore, be it

RESOLVED, That the California Postsecondary Education Commission adopt the report Review and Evaluation of the Private Postsecondary Education Act of 1977 and the recommendations contained therein, and be it further

RESOLVED, That the report be transmitted formally to the Legislature and the Governor for their consideration as they take action to either revise or continue the Private Postsecondary Education Act of 1977.

Adopted
January 19, 1981

REVIEW AND EVALUATION OF THE PRIVATE POSTSECONDARY EDUCATION ACT OF 1977

INTRODUCTION

Background for the Study

When it adopted the Private Postsecondary Education Act of 1977, the Legislature stipulated that the law would expire on June 30, 1982. To assure that a systematic and thorough review of the Act's provisions took place prior to its "sunset" date, the Legislature directed that

. . . within three years following the effective date of this act, the Legislative Budget Committee, in cooperation with the California Postsecondary Education Commission, shall review and evaluate the implementation of the provisions of this act by the Department of Education, and shall report to the Legislature the results of this review and evaluation.

This review and evaluation is expected to provide the basis on which the Legislature will decide what action to take with regard to new legislation or the continuation of existing law.

In preparing the response to this legislative directive, the Committee and the Commission decided to divide the project into two separate reports.

1. A review and evaluation of the effectiveness of the Act in (1) assuring the quality of degree, certificate, and other educational programs offered by private postsecondary institutions, and (2) providing the educational consumer with protection from substandard educational enterprises
2. A review and evaluation of the effectiveness of the Department of Education in the administration and enforcement of the Act.

The Postsecondary Education Commission assumed responsibility for the first report, and the Legislative Budget Committee for the second. While both reports are interrelated, they will be issued separately by each agency

Basic Provisions of the Law

The Private Postsecondary Education Act of 1977, as amended, consists of thirteen major provisions.

1. Legislative Intent

The "Preamble" to Division 10 of the Education Code states that

It is the intent of this Legislature to encourage privately supported education and protect the integrity of degrees and diplomas conferred by privately supported as well as publicly supported educational institutions.

It is also the intent of the Legislature to encourage the recognition by tax-supported institutions of work completed and degrees and diplomas issued by privately supported institutions, to the end that students may have equal opportunities for equal accomplishment and ability.

In the present period, the need for educational services is so great that it cannot be met by tax-supported institutions alone. The contribution of privately supported educational institutions to the preservation of our liberties is essential. These objectives can best be achieved by protecting the integrity of degrees and diplomas issued by such institutions.

This statement of legislative intent is identical to the one contained in the old law.

2. Definitions

Seventeen specific terms are defined, including "agent," "degree," "diploma," and "accredited." All of these definitions were added to the law by the Private Postsecondary Education Act of 1977.

3 Exempted Education

Five types of educational institutions are exempted from the provisions of this chapter of the Education Code. (1) avocational or recreational education, (2) religious instruction by a bona fide church or religious denomination; (3) institutions offering instruction exclusively on the preschool through twelfth-grade level; (4) postsecondary instruction by a State institution, and (5) education sponsored by a bona fide trade, business, or professional organization which is solely for that organization's membership and which is offered at no charge for the persons taking the course.

The exemption for religious institutions was carried over from the previous law, while the other four exempt categories were added by the 1977 Act.

4. Council for Private Postsecondary Educational Institutions

The Council is a fifteen member advisory committee, with representatives from both the public and private school sectors. The Act states that "the Council shall provide leadership and direction in the continuing development of private postsecondary education as an integral and effective element in the structure of postsecondary education in California." The specific responsibilities of the Council include: (1) reviewing appeals and complaints from educational institutions, agents, and consumers; (2) advising the Superintendent of Public Instruction on the establishment of policy; and (3) advising the Superintendent prior to taking any action to deny, suspend, or withdraw approval or authorization of courses or private schools

5. Requirements for Issuing Degrees

An institution is eligible to grant degrees in California if it meets one of three criteria:

1. Full accreditation of the institution, program, or specific course of study by a national or regional accrediting agency recognized by the U.S. Office of Education (157 institutions eligible under this criterion);
2. Approval by the Superintendent of Public Instruction, certifying that the institution has the facilities, financial resources, administrative capabilities, faculty and other expertise, and resources sufficient for the degree program (50 institutions eligible under this criterion); or
3. Authorization by the Superintendent of Public Instruction, certifying that the institution has filed: (1) an accurate "full disclosure" statement describing institutional objectives, curriculum, faculty and their qualifications, physical facilities, tuition and fee schedule, graduation requirements, degrees to be conferred, and financial stability as evidenced by a certified financial statement for the preceding year; and (2) an affidavit that the institution owns at least \$50,000 in net assets which is used solely for the purpose of education (165 institutions eligible under this criterion).

While the first two of these criteria were carried forward from the previous law, the "authorization" criterion was substantially revised by the 1977 Act. These revisions include State verification of the accuracy of the full-disclosure statement, maintenance of the institution's assets in California throughout the operation of the school, and maintenance of at least \$50,000 in net assets used solely for educational purposes

6. Requirements for Issuing Diplomas

An institution is eligible to grant diplomas in California if it meets one of four criteria:

1. Licensure as a hospital under the provisions of the State's Health and Safety Code, and offering educational programs only in connection with the operation of a hospital (126 institutions eligible under this criterion),
2. Full accreditation, approval, or licensure by a State board or agency (other than the State Department of Education), and offering educational programs in the profession, vocation, or occupation controlled by the board or agency (257 institutions eligible under this criterion),
3. Full accreditation of the institution, program, or specific course of study by a national or regional accrediting agency recognized by the U.S. Office of Education (157 institutions eligible under this criterion); or
4. Approval by the Superintendent of Public Instruction, certifying that the institution has the facilities, financial resources, administrative capabilities, faculty, and other expertise and resources sufficient for the diploma program (1,677 institutions eligible under this criterion).

These four criteria were carried forward from previous law, with only minor changes being made in the 1977 Act.

7. Minimum Standards

Private postsecondary institutions are expected to operate in compliance with the following minimum standards:

1. No erroneous or misleading advertising;
2. A fair and equitable tuition-refund policy,
3. No false, deceptive, misleading, or unfair sales or collection practices;
4. Availability of information to students and other interested persons describing the courses offered, length of program, faculty and their qualifications, schedule of tuition and fees, cancellation and refund policies, and other material facts concerning the institution;

5. Maintenance of student records for a period of not less than five years;
6. An extended "cooling-off" period for prospective students who sign a written contract or agreement away from the institution premises

Most of these provisions were added by the 1977 Act. However, accredited degree-and nondegree-granting institutions, as well as institutions approved by a State agency or board other than the State Department of Education, are essentially exempt from compliance with these minimum standards, which primarily address the issue of consumer protection rather than educational quality.

8. Prohibited Activities

The Private Postsecondary Education Act of 1977 prohibits certain activities, such as:

- Operating in the State without valid authorization,
- Selling, or offering to sell or barter, any degree or diploma;
- Buying, or attempting to buy or obtain by barter, any degree or diploma;
- Making false, deceptive, inaccurate, or misleading statements;
- Promising or guaranteeing employment;
- Soliciting students under "help wanted" columns in newspapers.

All of these prohibited activities were provided in the previous law, and were carried forward in the 1977 Act.

9. Application Requirements

Each institution that wishes to operate in the State must submit an application to the Superintendent of Public Instruction, providing copies of its catalog, placement assistance (if any), media advertising and promotional literature, student enrollment or contract forms, as well as the name and California address of a designated agent representing the institution. If there is a proposed change in the institution's ownership, a new application must be submitted to the Superintendent at least 20 days prior to that change, which may not be made until the application is approved. These provisions were added to the law by the 1977 Act.

10. Consumer Complaints

Any person who wishes to claim damage or loss as a result of the actions of a private postsecondary institution may file a complaint with the Superintendent of Public Instruction. The Superintendent has the responsibility for investigating the complaint and, if appropriate, for negotiating a settlement. As a result of the investigation, the Superintendent may also undertake action to revoke an institution's approval or authorization to operate. This provision was added to the law by the 1977 Act.

11 Student Tuition Recovery Fund

A Student Tuition Recovery Fund was established to reduce the financial losses of any California resident who is enrolled at a private postsecondary institution which ceases its operation for any reason. The money for the Fund comes from an annual payment by each institution, not to exceed \$2.00 per student enrolled. This provision was added to the Act in October 1978.

12. Penalty for Violation

Violations of most provisions of the Act are punishable, for a first offense, by imprisonment up to one year and/or a fine not exceeding \$500. Any second or subsequent offense, is designated as a felony, and is punishable by a fine of not less than \$1,000 and/or incarceration in the State prison. More severe penalties have been established for operating a private postsecondary institution without a valid authorization and for selling, buying, or illegally using a degree or diploma. These same general provisions were contained in the previous law.

13. Enforcement Provisions

The Attorney General and the Superintendent of Public Instruction may, jointly, take action to enforce the law, with these actions including, but not limited to, civil actions for injunctive relief. The Department of Education is responsible for reporting possible violations of the law to the Attorney General, who is then responsible for investigating them. The Attorney General also represents the Superintendent in any administrative proceedings. The enforcement provisions of the 1977 Act reflect some alteration from those in the previous law.

Postsecondary Institutions Covered by the Law

The range of institutions covered by the Private Postsecondary Education Act of 1977 includes independent degree-granting colleges and universities, private for-profit colleges, and private

vocational technical schools. Both accredited and nonaccredited institutions are covered by the law. Approximately 2,500 private postsecondary institutions are currently operating in California, enrolling more than 400,000 students annually. (For a listing of these institutions, see Guide to California Private Postsecondary Career Education, California State Department of Education, 1980.)

Policy Issues

There are seven basic policy issues which this report addresses in its review and evaluation of the Private Postsecondary Education Act of 1977. These issues, as summarized below, are discussed in the following sections of the report:

1. Should the State's authorization process for degree-granting institutions include a review of the quality of the educational program of these institutions?
2. Does the State's approval process for degree-granting institutions provide sufficient flexibility to deal with the unique educational programs of nontraditional institutions?
3. Should accredited private degree- and nondegree-granting institutions be subject to the minimum consumer protection provisions of the law required of all other private institutions? If an accredited private institution is not operating in compliance with these minimum provisions, should the State oversight agency have the authority to remove the institution's license to operate in California?
4. Should out-of-state institutions, both accredited and nonaccredited, be subject to the minimum consumer protection provisions of the law required of all other private institutions? If an out-of-State institution is not in compliance with these minimum standards, should the State oversight agency have the authority to remove its license to operate in California?
5. Should private vocational schools licensed by State boards (generally in the Department of Consumer Affairs) be expected to comply with the minimum consumer protection provisions of the law required of all other private institutions? Should different agencies of the State government be involved in the oversight of private vocational schools, or should these responsibilities be centralized in a single office?
6. Are the consumer protection provisions of the 1977 Act adequate to protect students attending private institutions?

7. Should the Council continue to function in its current form as an advisory body to the Superintendent of Public Instruction?

A summary of the staff conclusions and recommendations concerning these policy issues is provided in the final section of this report.

STATE AUTHORIZATION OF PRIVATE DEGREE-GRANTING INSTITUTIONS

A private institution in California is eligible to award an authorized degree if it files with the State oversight agency (1) an affidavit of "full disclosure" describing various aspects of the educational program, (2) an affidavit stating that the institution owns \$50,000 in net assets to be used exclusively for the purpose of education, and (3) an affidavit identifying the names and addresses of the directors and principal officers of the institution. The State oversight agency has the responsibility to verify the truthfulness and accuracy of these three affidavits. The institution's authorization to operate can be denied only if the affidavits are inaccurate. As of September 1980, there are 169 California institutions authorized to award degrees, and, as the current statutes provide, there has been no State evaluation of the quality of the educational program at these institutions. The primary policy question is, therefore, whether the authorization process should include provision for governmental quality control in the educational offerings of these institutions.

Background

Prior to the enactment of the Private Postsecondary Education Act of 1977, an institution was eligible to grant degrees in California [under Section 29023(a)(3)] when it filed with the Superintendent an affidavit of ownership of \$50,000 worth of property to be used for educational purposes. In addition, the institution was required to file with the county recorder a "full disclosure" statement describing

. . . the institutional objectives and proposed methods of achieving them, the curriculum, instruction, faculty (with qualification), physical facilities, administrative personnel, educational records, tuition and fee schedule, scholastic regulations, diplomas and degrees to be conferred, graduation requirements, and financial stability,

as well as an annual affidavit with the Superintendent detailing the institution's financial statement and information concerning the names and addresses of school officials and school locations. The two affidavits and the "full disclosure" statement were not subject to verification and/or evaluation by the State oversight agency and were apparently for information purposes only.

The enactment of the Private Postsecondary Education Act of 1977 made two important changes in the State oversight of authorized degree-

granting institutions. The institution's full disclosure statement was made the primary element in the application for authorization, with the statement filed with the Superintendent, his staff having the authority to verify its accuracy, and the contents made available by the institution to prospective students. Second, institutions were required to have and maintain \$50,000 in total net worth, to be used exclusively for the purposes of education. These assets, according to the new law, "shall include such real property as buildings and facilities, library materials, and instructional materials, but shall not include other personal property not used directly and exclusively by the institution for the purpose of education." This change eliminated three loopholes in existing law (1) allowing property to be maintained outside the State of California; (2) allowing the property to be sold after the institution is licensed; and (3) allowing the institution to "own an interest" in property worth \$50,000 rather than "own net assets" worth \$50,000. The change also provided that the property value shall be certified by a public accountant rather than a State inheritance tax appraiser.

Institutions authorized to grant degrees through compliance with this section of the Education Code tend to offer educational programs either in religion or the general liberal arts area. (See Appendix B for a complete listing of authorized institutions.) Approximately 30 percent of the authorized institutions award degrees in religion, while approximately 22 percent award degrees in general areas of collegiate study. (See Table 1) Other academic programs with frequent representation among these institutions include law, psychology, and business. A comparison of the institutions authorized in September 1980 with those authorized in Fall 1975 reveals the following:

1. There is considerable turnover among the authorized degree-granting institutions. More than half of the authorized degree-granting institutions in Fall 1975 are not operating pursuant to this section of the Education Code in Fall 1980.
2. A substantial number of the authorized degree-granting institutions in Fall 1975 are now awarding degrees because they are either accredited or approved by the State. Twenty of the 124 authorized institutions in 1975 are now either accredited or approved to award degrees
3. There has been a decrease in the number of authorized law schools in California. In Fall 1975, there were twenty-eight law schools authorized to grant degrees; in Fall 1980, the number had decreased to eighteen schools.

4. While the number of authorized colleges offering educational programs in religion has remained constant (38 colleges), seventeen of these colleges were opened during the past five years.

Policy Question

The passage of the Private Postsecondary Education Act of 1977 made some important changes and improvements in the State oversight of authorized institutions. Nevertheless, two policy questions still need to be resolved.

1. Should the State oversight agency conduct some review of the educational program of these institutions?
2. Should authorized institutions be required, by law, to provide instruction as part of its program, or should an institution have the option to grant degrees based solely upon previous life experiences?

Conclusion

As discussed above, existing law explicitly states that authorization may be denied only if the affidavits are inaccurate and that no judgments are made by the State oversight agency about program quality.

While the large majority of authorized institutions are clearly providing the kind of educational program they say they are, there is reasonable evidence to conclude that the integrity of academic degrees is being threatened by the educational program offered by some of the authorized institutions. While the Office of Private Postsecondary Education has worked within the provisions of the new law to close several questionable educational institutions, institutions still continue to operate which award degrees based either primarily or solely upon life experiences, with little or no instruction offered. Those institutions which award degrees without offering instruction are not functioning as educational institutions. While the Private Postsecondary Education Act of 1977 closed some of the loopholes which potentially allow unscrupulous behavior against the public interest, other loopholes still remain which call for expanded responsibilities in State oversight.

Recommendations

In order to develop the framework for State oversight needed to protect the integrity of academic degrees, the provisions of the Private Postsecondary Education Act of 1977 should be revised in two areas:

1. All private degree-granting institutions, including authorized institutions, should be required, by statute, to provide instruction as a part of their educational program. The following two paragraphs from the regulations (California Administrative Code, Title 5, Division 10) should be added to Section 94310(c) of the Education Code:

An institution shall not grant degrees solely on the basis of education taken at, or credit transferred from, another institution or institutions, or solely on noninstructional learning experiences. An institution must provide instruction as a part of its program.

Instruction shall include any specific and formal arrangement by an institution for its enrollees to participate in learning experiences wherein the institution's faculty or contracted instructors present a planned curriculum appropriate to the enrollee's educational program.

2. All authorized institutions should be required, within five years after gaining status as an authorized institution (or, for existing authorized institutions, within five years from the effective date of this amendment) to apply for and gain status as a State-approved degree-granting institution. No degree program should be allowed to operate for longer than five years without gaining approval status. An exception should be made, however, for institutions which award degrees solely in theology and other areas of religious study. Institutions in this category should be eligible to operate indefinitely as authorized institutions, as a means of maintaining the constitutional separation of church and State.

STATE APPROVAL OF PRIVATE DEGREE-GRANTING INSTITUTIONS

A private institution in California is eligible to award an approved academic degree if it has been reviewed by the Superintendent of Public Instruction certifying that the institution has the facilities, financial resources, administrative capabilities, faculty and other educational expertise, and resources necessary for the degree program. The law states that the Superintendent shall determine both that "the curriculum is consistent in quality with curricula offered by established institutions" and "that the course for which the degree is granted achieves its professed or claimed objective for higher education." As of September 1980, there are fifty-one private California institutions approved to grant degrees pursuant to this section of the law. It is anticipated that many authorized non-traditional institutions will seek approval status for their programs during the next few years. Given the provision within existing law that the standard of comparison be the curriculum of established institutions, the question must be raised as to whether the State's approval process provides sufficient flexibility to deal with the unique educational programs of nontraditional institutions?

Background

The enactment of the Private Postsecondary Education Act of 1977 made two changes in the section of the Education Code concerning approved degree-granting institutions. First, prior to January 1978, the Superintendent was explicitly directed to compare the requirements and standards for approval status with the "requirements and standards of an accrediting agency generally accepted by the class of institution concerned." This sentence was removed from the new law. Second, the Act stated that the Superintendent shall process all applications within 90 days, with the option to grant a full approval, grant a conditional approval, or disapprove the application. This provision was not in previous law.

Approval status pursuant to this provision of the law is for program approval rather than institutional approval. Consequently, not all of the programs of a given institution need be approved for degree status in California. The regulations in Title 5 of the California Administration Code provide five standards to be used in reviewing institutional applications for approval:

1. Financial stability--the institution has sufficient assets to ensure the fulfillment of educational commitments to students.

2. Faculty--the institution employs faculty who include individuals with degrees from accredited institutions in the proposed degree programs and in sufficient number to provide the proposed educational program.
3. Course of study--the institution shall offer educational services which directly relate to the degree objectives, are comparable in scope and sequence to the minimum standards of similar degree programs at accredited institutions, and provide quality instructional services to the student.
4. Facilities--the institution shall maintain the necessary facilities sufficient to ensure that students are receiving quality educational services.
5. Degree requirements--the institution shall maintain specified requirements for the degree which do not deviate substantially from established standards for similar degrees in accredited institutions.

The general yardstick against which applications are measured in these five categories are "the other nationally accredited institutions of higher education, public and private, which offer similar programs " 1/

In determining whether these criteria provide sufficient flexibility to deal with the unique educational programs of nontraditional institutions, a review was made of (1) existing institutions approved to operate in California, and (2) institutions who applied for approval status during the past year.

Among those institutions currently approved to grant degrees (as of September 1980), there is considerable variety of educational program, degree offerings and teaching methodology. (See Appendix C.) The approval process is clearly flexible enough to review educational programs in such diverse areas as the fine arts and classical studies, dental medical training, law, transpersonal psychology, human sexuality, education, theology, and engineering, with the degree programs ranging from the associate of arts degree to the doctoral degree. The review process by the Office of Private Postsecondary Education includes the preparation of an institutional self-study and a two-day visit by a review team, which has the responsibility to assess the quality of the educational program. Based upon the report prepared by the review team, the Superintendent can decide to approve none, some, or all of the proposed degree programs by the institution. The variety of degree programs which are now approved to operate in California illustrate adequate flexibility within the approval process.

During the past twelve months, six institutions have received an original approval to operate, while two institutions were denied approval. (See Appendix D.) Among those receiving approval, the educational programs included Judaic studies, clinical psychology, marital and family therapy, business administration, and human resources development, with the degree programs ranging from the bachelor's degree to the doctorate degree. This record during the past twelve months provides additional evidence of an ability to review differing types of educational programs while using standards similar to those used in the review of accredited institutions.

Conclusion

While the State approval process for degree-granting institutions explicitly utilizes standards similar to those utilized in the review and evaluation of accredited institutions, there is no evidence to indicate that the process is not sufficiently flexible to deal with the unique educational programs of nontraditional institutions. The criteria used to assess quality of educational programs have been clearly and explicitly established by the Office of Private Postsecondary Education, and the current list of approved institutions demonstrates considerable variety in traditional and nontraditional programs.

Recommendation

No change should be made in the Education Code [Section 94310(b)] as it relates to approved degree-granting institutions.

FOOTNOTES

- 1/ Guidelines for Approval of Specific Degrees under Education Code
Section 94310(b), California State Department of Education,
Sacramento, 1980, p. 2.

STATE OVERSIGHT OF ACCREDITED PRIVATE INSTITUTIONS

A private institution in California is eligible to award an academic degree or diploma if it is (1) accredited by "a national or applicable regional accrediting agency recognized by the United States Department of Health, Education, and Welfare, Office of Education," and (2) provided further that the educational institution annually files with the Superintendent of Public Instruction an affidavit verifying that the institution, program, or course of study is so accredited. As of September 1980, there are 157 private California institutions accredited to offer degrees and 158 accredited to offer diplomas. (A list of these institutions is provided in Appendix E, and a list of the accrediting agencies is provided in Appendix F). For these institutions, the authorization to operate is a result of the institution's accreditation, which the Superintendent of Public Instruction accepts as evidence of compliance with the requirements of the Education Code. According to a recent opinion by the Attorney General, the Superintendent does not have the power to deny, suspend, or revoke the authorization to operate of a private accredited institution, even if that institution is not operating in compliance with State law. This situation raises two important policy questions:

1. Should accredited private degree- and nondegree-granting institutions be subject to the minimum consumer protection provisions of the law required of all other private institutions?
2. If an accredited private institution is not operating in compliance with these minimum provisions, should the State oversight agency have the authority to remove the institution's license to operate in California?

Background

Prior to the enactment of the Private Postsecondary Education Act of 1977, de facto authority for private accredited institutions in California was delegated to private accrediting agencies. The Attorney General's office described this relationship in a memorandum dated June 7, 1972, which stated that there are a number of private institutions "to which Division 21 (predecessor of Division 10) applies, but over which the Superintendent of Public Instruction has no authority" (memorandum from Office of Attorney General, Elizabeth Palmer, to Robert R. Coffman, Chief Counsel, State Department of Education, June 7, 1972). Accreditation by a recognized agency was therefore interpreted to exempt an institution from State regulation, except for the requirements to file an annual

affidavit of accredited status. Student complaints and institutional abuses were not handled by the State Department of Education, but were referred directly to the appropriate accrediting agency.

The enactment of the Private Postsecondary Education Act of 1977 made two changes in the relationship of private accredited institutions to the State oversight agency. First, accredited private postsecondary institutions are required to file with the Superintendent three information items not required previously. These information items are:

- (a) A catalog published or proposed to be published by the institution containing the information specified in the criteria promulgated by the Superintendent. The catalog shall include specific dates as to when the catalog applies. [Section 94330(a)(1)]
- (b) A description of the institution's placement assistance, if any. [Section 94330(a)(2)]
- (c) The name and California address of a designated agent upon whom any process, notice, or demand may be served. [Section 94330(a)(5)]

The enactment of these three information filing requirements are not evidence of expanded authority by the Superintendent of Public Instruction over accredited institutions. This is indicated by a provision of the same section of the Education Code, which states that:

Catalogs submitted by accredited institutions shall be deemed to meet the requirements of this section, except where the Superintendent finds the catalogue does not meet the standards and criteria of the institution's accrediting agency. In such case, the Superintendent may require modification of the catalog to bring it into compliance with the standards and criteria of the appropriate accrediting agency. [Section 94330(1)]

The institutions are expected to comply with the standards and criteria of the accrediting agency, which has the authority to grant or deny the status of accreditation to the private postsecondary institutions. The new law expanded the reporting requirements of accredited postsecondary institutions, but it did not grant the Superintendent authority to determine the standards and criteria of the catalogs used by accredited institutions. This authority remained with the accrediting agencies.

The second important change concerns the minimum consumer protection standards established by the Private Postsecondary Education Act of 1977 and with which all private postsecondary institutions are expected to be in compliance. These minimum standards are listed in Section 94312. An important provision of this section indicates the explicit limits on the authority of the Superintendent over accredited institutions.

Accreditation by a national or applicable regional accrediting agency recognized by the United States Office of Education or accreditation, approval, or licensure by a California state agency shall be accepted by the superintendent as evidence of compliance with the minimum standards established by the accrediting or licensing agency, and therefore as evidence of compliance with the minimum standards specified in the provisions of this section. If there is substantial evidence of violation of the standards established by the responsible agency, however, the superintendent may require such further evidence and make such further investigation as may be necessary. [Section 94312(L)]

The new law expanded the responsibility of the Superintendent to act on student complaints and evidence of institutional abuses for all private postsecondary institutions. However, the new law did not grant the Superintendent authority to establish minimum standards for accredited institutions or to demand compliance with these standards; that responsibility remains with the accrediting agency which has the authority to withdraw accreditation if the postsecondary institution does not comply. The fact that an institution is accredited is accepted as evidence that the institution is in compliance with the minimum standards of the State. Only in the case of "substantial evidence of violation of the standards established by the responsible agency" was the Superintendent given the responsibility to make further investigation.

In summary, the Private Postsecondary Education Act of 1977 provided (1) new reporting requirements for accredited postsecondary institutions to the Superintendent of Public Instruction, and (2) assigned the Superintendent new responsibilities to investigate accredited institutions if there is substantial evidence of violation of the standards established by the accrediting agency.

In two important respects, however, the Private Postsecondary Education Act of 1977 was consistent with previous law. (1) the authority for establishing and ultimately enforcing the standards for accredited institutions was retained with the accrediting agency, and (2) the authorization to operate results from a status of

accreditation, which the Superintendent of Public Instruction does not have a role in determining. In this respect, accredited institutions remain as institutions to which Division 10 applies, but over which the Superintendent of Public Instruction has no authority.

In response to a request from the Council for Private Postsecondary Educational Institutions, the Office of the Attorney General offered the opinion that, "while the question is not totally free from doubt, . . . we find no express or implied authorization from the Legislature granting to the Superintendent the power to deny, suspend or revoke an authorization to operate of an accredited institution " 1/ The Attorney General stated that in those situations when the Superintendent does conduct an investigation of an accredited institution and determines that the institution is not in compliance with the standards of its accrediting agency, the Superintendent has three options: (1) "contact the accrediting agency and present the evidence to it, undoubtedly requesting that it demand that the school correct its violations or lose its accreditation," (2) publicize the results of the investigation, and (3) submit the evidence to the Attorney General for possible court action. The Superintendent does not have the option to withdraw the institution's license to operate in California

Position of Superintendent of Public Instruction

The staff of the Superintendent's Office of Private Postsecondary Education has consistently opposed the limitation of authority over accredited private degree and non-degree granting institutions. In a memorandum to Attorney General George Deukmejian dated April 10, 1979, Department of Education legal staff argued that "to conclude that the Superintendent cannot exercise discretion with respect to authorizing accredited schools to operate makes a mockery of the authorization powers, especially if the responsible accrediting agency fails or refuses to revoke the noncomplying institution's accreditation. The Superintendent would be the accrediting agency's rubber stamp, an absurd and untenable position " The argument was further made that students attending private postsecondary institutions generally rely upon some type of governmental protection from unfair business practices. "It should be against public policy to sacrifice the state superintendent's credibility to private accrediting agencies that are ineffective or unconcerned about consumer protection or the integrity of degrees and diplomas in California."

The Council for Private Postsecondary Educational Institutions, an advisory body to the Superintendent, has generally supported the position of the Office of Private Postsecondary Education on this

issue. At its meeting in January 1980, the Council recommended that the Superintendent seek legislative action to amend Division 10 so as to provide the express statutory powers needed to deny, suspend, or revoke the authorization of accredited degree- and nondegree-granting institutions.

Previous Position of the Postsecondary Education Commission

In a previous report entitled The Role of the State in Private Postsecondary Education: Recommendations for Change (July 1976), the Commission addressed this issue and adopted a position similar to that of the Superintendent. The report considered the relationship of the State oversight agency to accredited private institutions, and concluded that:

- (1) The State goal should be to ensure the existence of an effective process to promote educational quality and to provide necessary consumer protection for all private postsecondary educational institutions. If it is to achieve the goal, California cannot exempt any schools from compliance with State laws, since to treat accredited schools preferentially discriminates against those schools which cannot or do not wish to be accredited.
- (2) In terms of determining educational program quality, accrediting agencies are presently constituted to do a better job than could any existing State agency. Any attempt to duplicate the procedures and functions of the many specialized accrediting agencies would be virtually impossible and prohibitively expensive for a State agency. While accrediting agencies may be far from perfect in terms of assuring the quality of an institution's educational program, there are really no viable alternatives at the present time.

Based upon these conclusions, two recommendations were offered:

- (1) The State regulatory agency should be permitted to accept accreditation of an institution by a recognized national or regional agency as evidence of the institution's adherence to the minimum standards established by the State agency. However, the use of such accredited status is permissive, not mandatory, and the State agency may require additional evidence or may undertake its own investigation if it so desires or the circumstances warrant. While the State agency may use accreditation for the purpose described, it cannot

abrogate its public responsibility by substituting accreditation for independent review and action.

- (2) The Legislature should designate one State agency as the central mechanism for handling educational consumer complaints. This agency must have the injunctive power to close a school in the case of noncompliance with Division 21 (now Division 10) of the Education Code.

Conclusions

There are two basic questions which must be answered in addressing the issue of the desired relationship between the State oversight agency and accredited private institutions:

1. In practice, is there evidence that accredited institutions are not responsive to consumer protection issues, and that accrediting agencies are not responsive to consumer complaints?
2. In theory, should the State delegate all authority for the ultimate oversight of accredited private collegiate and vocational institutions to a nongovernmental accrediting agency?

Available evidence indicates that accredited institutions are responsive to consumer protection issues. During fiscal year 1979-80, the Office of Private Postsecondary Education received 431 complaints about private institutions in California. Of these complaints, 96 were lodged by 155 students against accredited institutions. Thirty-eight of these complaints were dismissed by OPPE staff as invalid complaints, while 18 were satisfactorily resolved by OPPE staff. Of the remaining 40 complaints, 32 were resolved through mutual compromise by the institution and the complainant, with 8 still pending resolution in July 1980. These data indicate that (1) a relatively small number of complaints are received about accredited institutions, compared with the total number of students annually enrolled at these institutions, and (2) the vast majority of those complaints which are valid are rapidly resolved.

During the past year, the accrediting agencies and the State oversight agency have worked cooperatively in improving the handling of legitimate complaints against accredited institutions. On July 22, 1980, a meeting was convened at the Offices of the California Postsecondary Education Commission to discuss this issue with representatives from the major accrediting agencies and OPPE participating in the discussion. It is anticipated that, as a result

of this and subsequent meetings, a "memorandum of understanding" for the handling of consumer complaints will be developed. These cooperative efforts by the Office of Private Postsecondary Education and the private accrediting agencies to work together in promoting the timely resolution of legitimate complaints may provide an effective process for responding to consumer protection issues within the framework of existing law

While, in practice, accredited institutions and their respective accrediting agencies appear to be responsive to consumer protection issues, the question still remains whether the State oversight agency should delegate all authority for the authorization of accredited institutions to operate in California to a non-governmental agency. Under current law, if an accredited institution were violating the provisions in the law by not responding to legitimate complaints from students, and the responsible accrediting agency were not willing to work with the institution in improving this situation, the State oversight agency would not have the authority to remove the institution's license to operate in California. In short, current law does not include adequate provision to respond to a potential (though not a current) problem.

Recommendations

The recommendations of the Commission in 1976 concerning the relationship of the State oversight agency and accredited institutions should be carried forward in 1980. This recommendation is that:

- the State regulatory agency should be permitted to accept accreditation of an institution as evidence of the institution's adherence to the minimum standards established by the State agency. However, the use of such accredited status is permissive, not mandatory, and the State agency may require additional evidence or may undertake its own investigation if it so desires or the circumstances warrant. While the State agency may use accreditation for the purpose described, it cannot abrogate its public responsibility by substituting accreditation for independent review and action.

The Private Postsecondary Education Act of 1977 implemented the first two sentences, but not the third sentence of this recommendation. In determining whether or not the state agency should be authorized under certain conditions to undertake independent review and action with respect to an accredited institution, Commission staff will (1) analyze the minimum consumer

protection provisions maintained by each of the major accrediting agencies and compare these provisions with the State minimum standards, (2) analyze the enforcement procedures for these provisions as maintained by each accrediting agency, and (3) monitor the relationship between the State oversight agency and the several accrediting agencies to determine if they are working together in promoting the timely resolution of legitimate complaints against accredited institutions operating in California.

This analysis, to be completed within the next few months, will address the question of whether the Act should be revised to provide that when a postsecondary institution continues to operate in violation of the accreditation standards, and the accrediting agency fails to take corrective actions, the State oversight agency should have the authority to close the school.

FOOTNOTES

- 1/ Opinion of George Deukmejian, Attorney General, No. 79-415,
October 10, 1979

STATE OVERSIGHT OF OUT-OF-STATE INSTITUTIONS

A number of private institutions licensed to grant degrees in states other than California have established educational programs within California. Current law requires these out-of-state institutions to apply to the Superintendent of Public Institution for authorization to operate in the State. This application includes submission of the institution's catalog, copies of media advertising, promotional literature, and student enrollment agreements, and the name and California address of the institution's agent. It is assumed, in current State policy, that the institution is operating its program in California in compliance with the minimum standards for program quality and consumer protection required by the accrediting agency and/or the State oversight agency in the State where the institution is originally domiciled. In some cases, however, these minimum standards are either lower than those in California or are not rigorously enforced for out-of-state programs by the oversight agency or the accrediting agency. This situation raises the important policy question: should out-of-state institutions be expected to comply with the minimum standards for program quality and consumer protection as are required for in-state institutions?

Background

The Private Postsecondary Education Act of 1977 does not explicitly contain provisions which apply to out-of-state institutions. All institutions, including out-of-state institutions, must submit basic informational materials as part of an application for authorization to operate. Beyond this requirement, however, an accredited out-of-state institution can operate in California without further review. As of November 1980, there were twenty such institutions known to be offering degree programs in California (See Appendix G for a list of these institutions. However, since some institutions offer educational programs without registering with the State oversight agency, this list is not complete. Data are not available to indicate the number of students served by these out-of-state institutions.) Since these institutions are accredited in their home state by a regional accrediting agency recognized by the United States Department of Education, they are exempt from the minimum standards provided in California law. In contrast, out-of-state institutions which are not accredited must apply for approval by the Office of Private Postsecondary Education, and thereby comply with State standards for educational quality and consumer protection.

A review of the statutes in other states as they apply to out-of-state institutions reveals four different methods of oversight: 1/

1. Out-of-state institutions which are accredited by the regional accrediting agency within that state are exempt from the state's minimum standards. All other accredited and non-accredited out-of-state institutions must designate an in-state agent and comply with the standards established by the state oversight agency.
2. All branches of out-of-state institutions must be reviewed and approved by the state oversight agency.
3. Out-of-state institutions must submit "plans to offer instruction in state" and these plans are approved by the state oversight agency.
4. Out-of-state institutions are required to register with the state oversight agency.

The method of oversight found most frequently in other states, including California, is the last--the registration of out-of-state institutions. The first two methods listed provide for substantial state oversight of program quality, while the last two methods delegate this responsibility to agencies operating outside of California.

The current operations of the regional accrediting agencies provide for their cooperative efforts to review out-of-state educational programs. For example, in the review of a program in California offered by an institution accredited in Ohio, a team of representatives from the North Central Accrediting Association will visit the educational site in California. Representatives from the Western Association of Schools and Colleges will participate in that visit. However, the responsibility for the review and approval of the program remains with the North Central Accrediting Association.

A proposal to substantially revise this component of the accreditation review process has been made by the Standard Nine Committee of the Western Association of Schools and Colleges. This proposal calls for out-of-state operations by accredited institutions to be judged against the standards of the local accrediting agency. For example, educational programs offered in California by institutions accredited in Ohio would be reviewed according to the standards of the Western Association of Schools and Colleges. This proposal will be reviewed by the directors of the regional accrediting agencies at their next meeting in March of 1981.

Conclusion

Current law does not address the issue of state oversight of out-of-state institutions. As a result, accredited out-of-state institutions have operated in California under the same provisions which govern accredited in-state institutions, and they therefore are exempt from state oversight of educational quality and adequacy of consumer protection. There is a need for the Private Postsecondary Education Act of 1977 to be revised to include explicit provision for the oversight of out-of-state institutions

Recommendation

Prior to offering specific recommendations for revising the Act to provide for expanded State oversight of out-of-state institutions, Commission staff, as a part of its planned study of accreditation during 1981, will monitor the educational programs offered by accredited out-of-state institutions operating in California and thereby assess the extent to which the accrediting agencies are providing consistent and thorough review of these programs. This analysis will also review the potential change in accreditation review procedures for out-of-state institutions, as currently proposed by a committee of the Western Association of Schools and Colleges.

FOOTNOTE

- 1/ See "A Study of State Oversight in Postsecondary Education," by Steven M. Jung, Jack Hamilton, Carolyn B. Helliwell, and Jeanette Wheeler, American Institutes for Research 1977, p 26-28.

PRIVATE VOCATIONAL SCHOOLS LICENSED BY STATE BOARDS

Approximately 250 private vocational schools offer educational programs in California as a result of licensure by State boards in the Department of Consumer Affairs. The majority of these schools offer training in cosmetology, and are approved by the California State Board of Cosmetology. There are also approximately forty-five schools offering training in barbering (as approved by the California State Board of Barber Examiners), as well as eight schools offering training in truck driving (as approved by the California State Department of Motor Vehicles). Each of these State boards has established its own criteria for licensure, including minimum standards for program quality and consumer protection. These institutions, as well as the accredited institutions (as discussed in a previous section of this report), are exempt from compliance with the minimum consumer protection provisions of the law required of all other private institutions. This situation raises three important policy questions:

1. Is the review process for private vocational schools licensed by State boards adequate and comparable with the review process provided by the State Department of Education for comparable private vocational schools?
2. Should private vocational schools licensed by State boards in the Department of Consumer Affairs be expected to comply with the minimum consumer protection provisions of the law required of all other private institutions?
3. Should different agencies of the State government be involved in the oversight of private vocational schools, or should these responsibilities be centralized in a single office?

Background

The Private Postsecondary Education Act of 1977 includes the provision that an institution is eligible to grant diplomas if it is "accredited, approved, or licensed by a State board or agency as a school and which issues or confers diplomas in the profession, vocation or occupation controlled by the board agency accrediting, approving, or licensing it." This section carries forward the licensing provisions found in the law prior to 1977. The Act also included the provision that "accreditation, approval, or licensure by a California State agency shall be accepted by the Superintendent as evidence of compliance with the minimum standards established by the accrediting or licensing agency, and therefore as evidence of compliance with the minimum standards specified" in the Act. Private vocational institutions licensed by State boards are therefore

similar to accredited institutions, in that they are institutions to which the Private Postsecondary Education Act applies, but over which the Superintendent of Public Instruction has no authority

The rules and regulations of the State boards which apply to the establishment of barbering, cosmetology, and truck driving schools include detailed provisions for curriculum content, and appear to provide thorough provisions for quality control of the educational program. For example, the State Board of Cosmetology has established the following requirements for all schools of cosmetology

- minimum equipment requirements
- minimum floor space and ceiling height
- a curriculum for the cosmetologist course, consisting of sixteen hundred clock hours of technical instruction and practical operations, with the specific subject areas of the curriculum identified in the regulations
- utilization of text and reference books approved by the board
- maintenance of student records and enrollment certificates
- limitations on student work upon paying patrons
- minimum requirements concerning the physical facilities of schools

The State Board of Barber Examiners has established equally comprehensive requirements, including the following.

- the submission of evidence demonstrating the financial ability of the applicant to operate the college
- the submission of evidence demonstrating "that there is in the county wherein the college is to be established a population of at least 500,000 for each barber college in operation in the county and an additional 500,000 or more for the new colleges"
- a course of instruction of not less than 1,500 hours to be completed within eighteen months, with the curriculum to include instruction in several specified areas
- limitations concerning eligible instructors
- participation in a Student Security Trust Fund designed to reduce the financial losses of students attending a barber college which ceases its operations for any reason
- minimum requirements concerning the physical facilities of schools
- minimum equipment requirements
- maintenance of student records
- the maintenance of at least one certified instructor for every twenty-five students

While the rules and regulations which govern the establishment and operation of barbering, cosmetology, and truck driving schools

include thorough provisions concerning the content of the education program, the rules and regulations are not as complete in the area of consumer protection provisions. For example, no provision is included by the boards for information disclosure to students about faculty, cancellation and refund policies, total tuition costs, and placement data. The boards do require, however, a mechanism to assist students to limit their financial losses if the school should cease operations mid-term. A comparison of the existing consumer protection provisions established by the State boards with nine general categories included in a comprehensive consumer protection framework is provided in Table 1. These data indicate that the State boards provide oversight primarily in the area of educational program review, and only to a lesser extent in the area of consumer protection

Conclusions

The review process for private vocational schools licensed by State boards includes thorough provision for minimum curriculum standards and quality control of the educational program. The expertise which each board brings to the instructional curriculum has resulted in specific requirements for curriculum content, which are more detailed than those provided by the Department of Education for comparable private vocational schools. However, the minimum consumer protection provisions maintained for these private vocational schools are not as comprehensive as those established for all other private schools. Moreover, under current law, the Superintendent does not have the authority to remove the license of a barbering, cosmetology, or truck driving school, even if the institution is violating the minimum standards established by the State board in the Department of Consumer Affairs. Available data indicate that a relatively small number of complaints are received from students attending these institutions, and the Office of Private Postsecondary Education has a good working relationship with the respective boards in providing a timely response to these complaints.

TABLE 1

CONSUMER PROTECTION PROVISIONS ESTABLISHED
BY STATE BOARDS LICENSING PRIVATE VOCATIONAL INSTITUTIONS

Consumer Protection Provision	<u>Barbering</u>	<u>Cosmetology</u>	Truck Driving
1. Institutional financial stability	X		
2. Advertising and recruitment practices	X		X
3. Policies and practices for public disclosure of necessary information to students and prospective students			
4. Quality of instructional programs and facilities (minimum standards)	X	X	X
5. Quality of instructional staff and faculty (minimum standards)	X	X	X
6. Record-keeping policies and practices	X	X	
7. Job placement and follow-up of former students			
8. Tuition and fee refund policies			
9. Representation of accreditation status	X	X	X

Recommendations

1. The current provisions of the Private Postsecondary Education Act of 1977 which provide for some private vocational schools to be licensed by State boards in the Department of Consumer Affairs should be maintained. Since there is no evidence to indicate that the existing review process of the educational programs is not working well, there is little reason to centralize the oversight of all private vocational institutions within a single office.
2. The Private Postsecondary Education Act of 1977 should be revised to require that all private vocational schools licensed by a state agency (either in the Department of Education, the Department of Consumer Affairs, or the Department of Motor Vehicles) comply with the minimum consumer protection provisions of the Act. The State agency responsible for licensing the school should have the responsibility for monitoring and enforcing institutional compliance with these standards.

STATE OVERSIGHT OF INSTITUTIONAL CONSUMER PROTECTION POLICIES AND PRACTICES

The Private Postsecondary Education Act of 1977 contains a number of provisions designed to protect the rights of students attending private institutions. These provisions cover such areas as advertising, tuition-refund policy, information disclosure, maintenance of student records, and student recruitment practices. Most of these provisions were added three years ago with the passage of the Act. Given these new provisions, the question must be asked whether the existing standards are now adequate to protect students attending private institutions?

Background

The Commission's report in 1976 identified seven areas of private postsecondary education in which consumer-protection regulations needed strengthening:

1. The lack of consideration given the student attending a school which closes in mid-term, depriving the student of either a tuition refund or the education contracted for, or both;
2. The current minimum refund policy which provides an advantage to a school, giving it claim to a student's full tuition after having completed only 25 percent of its contractual obligation;
3. Hard-sell techniques used by commissioned salespeople who often take advantage of the prospective vocational student;
4. The lack of an effective procedure for handling student complaints;
5. The lack of a requirement for the permanent maintenance of student records;
6. The current disclosure provision for nondegree-granting institutions which requires only a statement of the total financial obligation a student will incur upon enrollment; and
7. The fact that unlicensed schools occasionally begin operations, advertise, and enroll students without the State regulatory agency being aware of their existence.

The Private Postsecondary Education Act of 1977 responded to the first six of these areas:

1. Legislative intent language was included in the Act directing the Superintendent to develop "a program or procedure requiring institutions . . . to provide evidence assuring the due and faithful performance of agreements or contracts with students and the refund of unearned tuition in the event the school ceases to exist or provide instruction." In response to this language and consistent with the Commission recommendation, legislation was enacted in 1978 to amend the Private Postsecondary Education Act to establish a Student Tuition Recovery Fund. This Fund which went into operation in January 1980, provides a means to reduce the financial losses of any California resident who is enrolled at the private institution which ceases its operation for any reason. The Fund will have a total revenue ceiling of \$750,000 when it reaches maximum size. While it is too soon after the establishment of the Fund to assess its impact, it should be noted that seven other states have now drafted legislation to establish similar tuition recovery funds.
2. The Superintendent's regulations to implement the Private Postsecondary Education Act of 1977 includes a minimum refund policy which provides the student an opportunity for a refund until he/she has completed 50 percent of the course. The specific refund formula is the following:

Percent of attendance time or of course length as related to the total course course time or length:	Minimum Amount of Refund
Up to 10%.	90%
10% and up to 25%.	75%
25% and up to 50%.	50%
50% and over	No Refund

This refund policy is generally consistent with that recommended by the Commission in 1976.

3. In order to limit the potential undesirable impact of hard-sell techniques used by commissioned salespeople, the Private Postsecondary Education Act of 1977 provided that "any written contract or agreement signed by a prospective student away from the institution premises will not become operative until the student makes an initial visit to the institution." The provision was recommended by the Commission.

4. The Private Postsecondary Education Act of 1977 established a procedure whereby individuals may file with the Superintendent of Public Instruction a verified complaint claiming damage or loss as a result of actions by a private postsecondary institution or its agent. The Superintendent has the responsibility to investigate these complaints and where appropriate, seek to effectuate a settlement, refer the evidence to the Attorney General, and/or seek to revoke an institution's approval or authorization to operate. This provision was recommended by the Commission.
5. The Private Postsecondary Education Act of 1977 requires that institutions maintain student records for a period of not less than five years. Prior to the passage of the Act, institutions were required to maintain the records for three years. The Act did not address the issue of maintaining student records if the institution closes, and the difficulty students would have in documenting their attendance at that institution. The Commission recommendation, which called for all student records to be deposited with the State oversight agency in the event an institution closes, was not included in the Private Postsecondary Education Act.
6. The Private Postsecondary Education Act of 1977 requires that institutions shall make available to students and other interested individuals the following information: a description of courses offered, program objectives, length of program, faculty and their qualification, schedule of tuition, fees, and all other charges and expenses necessary for completion of the course of study, cancellation and refund policies, and the total cost of tuition over the entire period. In addition, for vocational training programs for which specific placement claims are made, institutions shall make placement data available to prospective students. This information disclosure provision is generally consistent with that recommended by the Commission.
7. Prior to 1977, California law included extensive and precise limitations on misleading and inaccurate advertising. The Private Postsecondary Education Act of 1977 carried these provisions forward with no change in the wording. In 1976, the Commission recommended that the most effective method to alleviate the problem of misleading and inaccurate advertising was for the responsible agencies "to begin to aggressively enforce the existing law." The study by the Legislative Budget Committee should be expected to address this issue to determine the extent to which existing law is being enforced.

The Private Postsecondary Education Act of 1977 responded to almost all of the problem areas in consumer protection as identified in the Commission's report in 1976. Most of the recommendations by the Commission in this area were implemented into law. As a result of these provisions of the Act, and their implementation by the Office of Private Postsecondary Education, data are now available about the number and type of complaints made about private institutions by the students/consumers attending these institutions. The data for fiscal year 1979-80, as summarized in Table 3, indicated that:

- Approximately one half of the complaints received by the Superintendent are dismissed as invalid.
- The majority of complaints received (65 percent) involve monetary disputes concerning the amount of payment or refund.
- The majority of valid complaints received by the Superintendent are resolved through actions taken by the Office of Private Postsecondary Education to effect a settlement between the institution and the complainant.
- Given the total number of students who attend private institutions, only a relatively small number file complaints about the educational program they are paying for.

The American Institutes for Research, in a study prepared for the U.S. Office of Education in 1977, identified nine topics where state oversight provisions are needed in order to provide comprehensive consumer protection coverage. These topics, and related California law, are the following:

1. Financial stability--current law provides that each institution must be "financially capable of fulfilling its commitments to its students," and assigns the responsibility to the Office of Private Postsecondary Education to make this determination for all approved institutions. However, an explicit procedure and standards for assessing financial stability have not been developed.
2. Advertising and recruiting practices--current law includes explicit prohibitions on misleading or inaccurate advertising and recruiting, and assigns the responsibility to the Office of Private Postsecondary Education for the enforcement of these provisions.
3. Policies and practices for public disclosure of necessary information to students and prospective students--current law includes specific provisions concerning information disclosure to students and prospective students, and assigns

TABLE 2
SUMMARY OF COMPLAINTS RECEIVED IN THE
OFFICE OF PRIVATE POSTSECONDARY EDUCATION
July 1, 1979 - June 30, 1980

<u>Type of Complaint</u>	<u>Number Received</u>	<u>Pending Complaints</u>	<u>AA</u>	<u>BB</u>	<u>CC</u>	<u>DD</u>	<u>EE</u>	<u>FF</u>
Monetary dispute	279	24	126	91	11	16	5	6
Instruction (Quality)	39	8	21	5	3	2	0	0
Misrepresentation	20	1	13	3	1	2	0	0
Approval Criteria	1	0	0	1	0	0	0	0
Miscellaneous	<u>92</u>	<u>10</u>	<u>41</u>	<u>19</u>	<u>11</u>	<u>8</u>	<u>2</u>	<u>1</u>
Total Complaints	431	43	201	119	26	28	7	7

Code: • Invalid Complaint
AA. Dismissed

• Valid Complaint Resolved
BB. Complainant satisfied or corrective action taken
CC. Mutual compromise effected

• Referral
DD. to another jurisdiction (accreditation agency, Consumer Affairs, etc.)
EE. to SDE Legal Office, Attorney General, District Attorney, etc., for consideration
FF. to complainant for personal civil action

Source: Report by Xavier A. Del Buono to the Council for Private Postsecondary Educational Institutions, July 15-16, 1980.

the responsibility to the Office of Private Postsecondary Education for the enforcement of these provisions. Moreover, current law gives the Superintendent the authority to require additional information disclosures "as are reasonably likely to affect the decision of the student to enroll therein."

4. Quality of instructional programs and facilities (minimum standards)--current law handles this topic in three ways:
(a) for accredited institutions, the review is completed by the appropriate accrediting agency, with the State oversight agency accepting the judgment of the accrediting agency; (b) for approved institutions, the review is completed by the State oversight agency; and (c) for authorized degree-granting institutions, there is no review.
5. Quality of instructional staff and faculty (minimum standards)--current law handles this topic in three ways:
(a) for accredited institutions, the review is completed by the appropriate accrediting agency, with the State oversight agency accepting the judgment of the accrediting agency; (b) for approved institutions, the review is completed by the State oversight agency; and (c) for authorized degree-granting institutions, there is no review.
6. Record keeping policies and practices--current law requires that student records be maintained for five years, and that "adequate records are maintained by the institution to show attendance, progress, or grades, and that satisfactory standards are enforced relating to attendance, progress and performance."
7. Job placement and follow-up of former students--current law does not require that institutions maintain a job placement service. However, it does require that when an institution makes job placement claims it also keep job placement data which are made available to prospective students prior to enrollment.
8. Tuition and fee refund policies--current law and the supporting regulations provide a specific refund policy for non-degree granting institutions. The language which applies to degree-granting institutions is more general, stating that "those institutions shall develop and use a fair, equitable and positive policy of incremental refund of unused fees and other charges applicable to cancellations.
9. Representation of accreditation status--current law requires that only those institutions which have been recognized or approved as meeting the standards established by an

accrediting agency recognized by the federal Department of Health, Education, and Welfare, the United States Office of Education or the Committee of Bar Examiners for the State of California may label themselves as accredited institutions. Institutions which have applied for accreditation or are candidates for accreditation or have provisional accreditation may not use this label.

In comparison with this prototype for comprehensive consumer protection coverage, the Private Postsecondary Education Act of 1977 is almost complete. The only area of weakness relates to the absence of minimum standards for quality of instructional programs, staff and faculty, and facilities for authorized degree-granting institutions. In addition, there is a need for the Council for Private Postsecondary Educational Institutions to work with the Office of Private Postsecondary Education in the development of an explicit procedure and standards for assessing an institution's financial stability, with this procedure and the standards to be added to the Administrative Code.

Conclusion

The Private Postsecondary Education Act of 1977 implemented several important consumer protection provisions which were absent in previous California law. The consumer complaint procedure prescribed by the Act and implemented by the Office of Private Postsecondary Education appears to be an effective method to respond to complaints from students attending private institutions. There are few complaints, compared with the number of students enrolled in private institutions. The major area where expanded consumer protection is needed relates to need for review of the educational offerings of authorized degree-granting institutions.

Recommendations

1. The minimum standards sections of the Private Postsecondary Education Act of 1977 (Sections 94312(a)-(k), 94320, and 94321) should be maintained as they were enacted.
2. As recommended in a previous section, all authorized degree-granting institutions (other than institutions awarding degrees solely in theology and religious study) should be required, within five years after gaining status as an authorized institution, to apply for and successfully gain status as a state approved degree-granting institution. This revision in law would provide the necessary consumer protection so that authorized institutions could not operate indefinitely without some type of review of their educational offerings.

FOOTNOTES

- 1/ The Role of the State in Private Postsecondary Education:
Recommendations for Change (July 1976), p. 87.

THE COUNCIL FOR PRIVATE POSTSECONDARY EDUCATIONAL INSTITUTIONS

The Private Postsecondary Education Act of 1977 establishes a fifteen-member Council for Private Postsecondary Educational Institutions, with the specific responsibility of advising the Superintendent on the establishment of policy with respect to private postsecondary education. Current law also includes the statement that "it is the intent of the Legislature that the council provide leadership and direction in the continuing development of private postsecondary education" Since the Council has no staff or facilities of its own, its ability to meet this legislative charge is limited. This situation raises the policy question: should the Council continue to function in its current form as an advisory body to the Superintendent of Public Instruction?

Background

The Council for Private Postsecondary Educational Institutions was established in 1973 as a thirteen-member advisory body to the Superintendent of Public Instruction. The Private Postsecondary Education Act of 1977 enlarged the membership to fifteen people with seven selected to represent the public and seven selected as administrative heads of private postsecondary institutions.

The fifteenth member is the Superintendent or his/her designee. All members are appointed by the Superintendent for four-year terms, with no appointee to serve more than eight consecutive years. The Act assigns the Council seven responsibilities [Section 94304(b)]:

1. Advise the Superintendent on the establishment of policy for the administration of the Act.
2. Establish a process cooperatively with the Superintendent for the development and promulgation of rules and regulations.
3. Adopt procedures necessary or appropriate for the conduct of its work
4. Review minimum criteria utilized by the Superintendent in the approval of private degree and non-degree granting institutions.
5. Prepare and submit an annual report to the California Postsecondary Education Commission to be used by the Commission in its preparation of the annual update of the five-year plan for postsecondary education.

6. Review and make recommendations each year on the budget of the Office of Private Postsecondary Educational Institutions.
7. Review appeals and complaints from educational institutions, agents, and consumers, and make recommendations to the Superintendent regarding these appeals and complaints.
8. Give advice to the Superintendent on any actions by his/her office to deny, suspend, or withdraw the approval or authorization of any institution operating pursuant to the Act.

The Act also includes a statement of legislative intent that "the Council shall provide leadership and direction in the continuing development of private postsecondary education as an integral and effective element in the structure of postsecondary education in California." However, in carrying out this legislative intent, as well as the seven responsibilities listed above, the Council functions without its own staff

During the first two years following the passage of the Private Postsecondary Education Act of 1977, the Council was active in carrying out the responsibilities assigned to it. The activities of particular importance were the following:

- Developed legislation to establish an insurance fund designed to guarantee tuition refunds in the event of school closures. This legislation was enacted to establish the Student Tuition Recovery Fund.
- Initiated a study of the feasibility of maintaining a centralized student records data bank. The Council concluded this task was not feasible.
- Developed a brochure informing prospective students of the operations of private schools and colleges in California, of students' rights, and of the procedures within the Department of Education for receiving and resolving consumer complaints.
- Established a process for a bimonthly newsletter from the Department of Education that is distributed prior to each Council meeting.
- Developed and adopted an issue paper on vocational education.
- Participated in the development of regulations necessary for the implementation of the Private Postsecondary Education Act of 1977.

- Established criteria for the evaluation of applications for approval to grant degrees in California.
- Reviewed the income and expenditures of the Office of Private Postsecondary Education, the funding sources of existing personnel, and the expected levels of future funding
- Received reports and complaints from private educators, and heard appeals from schools when approval was being withdrawn by the Office of Private Postsecondary Education.

As a result of the Council's work during these first two years, four of the responsibilities assigned to the Council by the Act have essentially been accomplished. As listed above, the general policy guidelines to be followed by the Superintendent have been established, the necessary rules and regulations have been implemented, the Council's procedures for conducting its own work have been established, and the criteria to be used by the Superintendent in approving institutions have been defined. There is probably little more which the Council can do in these four areas, unless there is some major change in the law. As a consequence, the primary activity for the Council in 1980 has been the review of actions by the Superintendent to deny, suspend, or withdraw the approval or authorization of an institution, with the Council sessions providing a hearing for testimony by the representatives of the institution in question.

While the Council has established a good record in responding to the specific responsibilities assigned to it by the Act, the Council has had more difficulty in implementing the general legislative intent that it provide "leadership and direction in the continuing development of private postsecondary education." At the September 1980 Council meeting, the members concluded that there is an inherent conflict in the dual responsibilities of providing both advice and leadership, and that more autonomy from the Superintendent of Public Instruction is needed if the Council is to function in a leadership capacity

The primary benefit from the operation of the Council has been the access provided to private educators to affect the operations of the Superintendent. For example, as a result of the existence of the Council, private educators had a voice in the formulation of the rules and regulations which govern private education. While this involvement was necessary and desirable during the initial implementation phase of the Private Postsecondary Education Act of 1977, it is not clear that the Council has an important and necessary role now after the basic policy issues have been decided. Moreover, until the Council makes a decision about which activities are essential in providing leadership for the development of private

education, it can be expected that the Council will function only as a panel to hear testimony from private educators threatened with a withdrawal of their authorization to operate. Moreover, as the law is currently written, the director of the Office of Private Postsecondary Education in the State Department of Education is in a much stronger position than the Council to provide the leadership called for by the Legislature.

Conclusion

During the first two years following the implementation of the Private Postsecondary Education Act of 1977, the Council played an active role in advising the Superintendent. The Council was particularly effective in providing private educators a means to systematically advise the Superintendent on the development of rules and regulations necessary to implement the Act. During the past year, however, the Council has moved to a totally reactive role, primarily functioning as an appeals board for private educators threatened by the removal or denial of an approval or authorization to operate in California. The Council has not been able to respond to legislative intent that it "provide leadership and direction in the continuing development of private education," primarily because it does not have sufficient staff of its own. Nevertheless, the role of the Council as an advisory body to the Superintendent remains important and should be strengthened.

Recommendations

There are no recommendations at this time pending a review of the report from the Legislative Budget Committee on the effectiveness of the Department of Education in the administration and enforcement of the Private Postsecondary Education Act of 1977.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The Private Postsecondary Education Act of 1977 implemented a number of needed revisions in those sections of the Education Code which relate to private education. The Legislature, during the 1981-82 session, should again address this topic and the need both to assure the quality of degree, diploma and other educational programs offered by private postsecondary institutions and to provide the educational consumer with protection from substandard educational enterprises. As a means to achieve this objective, the Legislature should:

1. Take action to continue the Private Postsecondary Education Act of 1977 beyond June 30, 1982.
2. Amend the Act to require that all private degree granting institutions provide instruction as a part of their educational programs. Instruction shall be defined as "any specific and formal arrangement by an institution for its enrollees to participate in learning experiences wherein the institution's faculty or contracted instructors present a planned curriculum appropriate to the enrollee's educational program "
3. Amend the Act [Section 94310(c)] to require that all authorized institutions, within five years after gaining status as an authorized institution (or, for existing authorized institutions, within five years from the effective date of this amendment), apply for and gain status as a State-approved degree-granting institution. No degree program would be allowed to operate for longer than five years without gaining approval status. An exception should be made for institutions which award degrees solely in theology and other areas of religious study. Institutions in this category should be eligible to operate indefinitely as authorized institutions
4. Amend the Act to require that all private vocational schools licensed by a State agency (either in the Department of Education, the Department of Consumer Affairs, or the Department of Motor Vehicles) comply with the minimum consumer protection provisions of the Act. The State agency responsible for licensing the school should have the responsibility for monitoring and enforcing institutional compliance with these standards.

Within the next few months the Commission intends to address additional issues related to the Private Postsecondary Education Act of 1977. These issues include (1) the relationship of the State

oversight agency to accredited in-state and out-of-state institutions and (2) the role of the Council for Private Postsecondary Educational Institutions. In preparing the analyses and recommendations on these issues, Commission staff will (1) review several aspects of the policies, procedures and practices of the accrediting agencies, and (2) review the report from the Legislative Budget Committee on the effectiveness of the Department of Education in the administration and enforcement of the Act

APPENDICES

APPENDIX A

California State Department of Education
Division of Adult and Community Education
OFFICE OF PRIVATE POSTSECONDARY EDUCATION

☐ 721 Capitol Mall
Sacramento, California 95814
(916) 445-3427

☐ 601 West Fifth Street, Suite 910
Los Angeles, California 90017
(213) 620-4256

Revised
**"PRIVATE POSTSECONDARY EDUCATION
ACT OF 1977"**

Chapter 3, Part 59, Division 10,
CALIFORNIA EDUCATION CODE

Effective January 1, 1978
Amended by the Legislature October 1978

The people of the State of California do enact as follows

CHAPTER 3. PRIVATE POSTSECONDARY INSTITUTIONS

Article 1. General Provisions

94300 THIS CHAPTER SHALL BE KNOWN AND MAY BE CITED AS THE "PRIVATE POSTSECONDARY EDUCATION ACT OF 1977"

Legislative Intent

94301. It is the intent of this Legislature to encourage privately supported education and protect the integrity of degrees and diplomas conferred by privately supported as well as publicly supported educational institutions. It is also the intent of the Legislature to encourage the recognition of tax-supported institutions of work completed and degrees and diplomas issued by privately supported institutions, to the end that students may have equal opportunities for equal accomplishment and ability.

In the present period, the need for educational services is so great that it cannot be met by tax-supported institutions alone. The contribution of privately supported educational institutions to the preservation of our liberties is essential. These objectives can best be achieved by protecting the integrity of degrees and diplomas issued by such institutions.

Definitions

94302 As used in this chapter, unless the context requires otherwise:

- (a) "Agent" means any person who, at a place away from the principal school premises or site of instruction, whose primary task is to serve as a paid recruiter, while owning an interest in, employed by, or representing for remuneration or other consideration a private postsecondary educational institution located within or without this state, offers or attempts to secure enrollment of any person within this state or accepts application fees or admissions fees for education in an institution. Administrators and faculty who make informational public appearances are exempted from this definition.
- (b) "Agent's permit" means a nontransferable written document issued to an agent pursuant to the provisions of this chapter by the Superintendent of Public Instruction.
- (c) "Approval to operate" means that the institution so approved has met recognized and accepted standards as determined by the Superintendent of Public Instruction in carrying out the provisions of this chapter to operate a postsecondary educational institution in this state.
- (d) "Authorization to operate" means that the institution so authorized has been granted permission by the Superintendent of Public Instruction to operate as a postsecondary educational institution.
- (e) "Council" means the Council for Private Postsecondary Educational Institutions established pursuant to Section 94304.
- (f) "Degree" means any "academic degree" or "honorary degree" or title of any designation, mark, appellation, series of letters or words such as, but not limited to, associate, bachelor, master, doctor, or fellow which signifies, purports, or is generally taken to signify satisfactory completion of the requirements of an academic, educational, technological, or professional program of study beyond the secondary school level or is an honorary title conferred for recognition of some meritorious achievement.
- (g) "Diploma" means any "diploma," "certificate," "transcript," "document," or other writing in any language other than a degree.
- (h) "Education" or "education services" includes, but is not limited to, any class, course, or program of training, instruction, or study.
- (i) "Superintendent" refers to the Superintendent of Public Instruction.
- (j) "To offer" includes, in addition to its usual meanings, advertising, publicizing, soliciting, or encouraging any person, directly or indirectly, in any form, to perform the act described.
- (k) "To operate" an educational institution, or like term, means to establish, keep, or maintain any facility or location in this state where, from, or through which educational services are offered or educational degrees or diplomas are offered or granted.
- (l) "Postsecondary educational institution" or "institution" includes, but is not limited to, an academic, vocational, technical, business, professional, home study school, college, or university, or other organization (comprised of a person, firm, association, partnership, or corporation), which offers educational degrees or diplomas, or offers instruction or educational services primarily to persons who have completed or terminated their secondary education or who are beyond the age of compulsory high school attendance. Auxiliary organizations of the California State University and Colleges are not included within this division and are not governed by this article.

(m) "Vocational objective" means an objective which is ordinarily attained upon completion of a course which qualifies the person or leads to employment in a recognized occupation listed in the latest "Dictionary of Occupational Titles," issued by the United States Department of Labor, or declared by that department to be eligible for such listing, or leading to an employable objective determined by the council.

(n) "Professional objective" means an objective which ordinarily is attained upon the completion of a curriculum or program of studies leading to a recognized profession or semiprofession.

(o) "Educational objective" means an objective which ordinarily is attained upon the completion of a program consisting of any curriculum, or any combination of unit courses or subjects offered by an educational institution which normally leads to earning a college degree.

(p) "Technological objective" means one which is ordinarily attained upon completion of a curriculum or program of studies which emphasizes the application of principles to the solution of practical problems rather than the theoretical development of those principles.

(q) "Accredited" means that an institution has been recognized or approved as meeting the standards established by an accrediting agency recognized by the federal Department of Health, Education, and Welfare, the United States Office of Education or the Committee of Bar Examiners for the State of California. It shall not include those institutions which have applied for accreditation and are candidates for accreditation or have provisional accreditation.

Exempted Education

94303. The following education and educational institutions, and these only, are exempted from the provisions of this chapter

- (a) Education solely avocational or recreational in nature, as determined by the superintendent, and institutions offering such education exclusively.
- (b) A nonprofit institution owned, controlled, and operated and maintained by a bona fide church or religious denomination if such education is limited to instructions in the principles of that church or denomination, or to courses offered pursuant to Section 2789 of the Business and Professions Code, and the diploma or degree is limited to evidence of completion of that education, and the meritorious recognition upon which any honorary degree is conferred is limited to the principles of that church or denomination.
- (c) Institutions exclusively offering instruction at any or all levels from preschool through 12th grade.
- (d) Postsecondary educational institutions established, operated, and governed by this state or its political subdivisions.
- (e) Education, sponsored by a bona fide trade, business, professional, or fraternal organization which is recognized by the superintendent as being solely for that organization's membership and offered at no charge for the persons taking the course.

Council for Private Postsecondary Educational Institutions

94304. (a) There is in the Department of Education a Council for Private Postsecondary Educational Institutions consisting of the superintendent, or his designee, and 14 additional members who shall be appointed by the superintendent, subject to the concurrence of the State Board of Education, as follows:

(1) Seven members shall be administrative heads of institutions operating under the authority of this chapter. Four such members shall be selected from institutions operating under subdivision (c) or (d) of Section 94311, one member shall be selected from an institution operating under subdivision (a) or (b) of Section 94310, and one member shall be selected from an institution operating under subdivision (e) of Section 94310. If an individual ceases to be an administrative head of an institution operating under the authority of this chapter, then the council position becomes vacant.

(2) Seven shall represent the public. Four members shall be appointed who have a strong interest in developing private postsecondary academic, vocational, technical, and professional education, two members representing the public shall be representatives of business and labor that employ substantial numbers of persons in positions requiring vocational and technical skills.

(3) In addition, the following shall serve as ex officio members of the council:

- (i) The Director of the Department of Consumer Affairs, or his or her designee.
- (ii) The Director of the Department of Employment Development, or his or her designee.
- (iii) The Director of the California Postsecondary Education Commission, or his or her designee.

Ex officio members have no vote.

It is the intent of the Legislature that the council shall provide leadership and direction in the continuing development of private postsecondary education as an integral and effective element in the structure of postsecondary education in California. The work of the council shall at all times be directed toward maintaining and continuing, to the maximum degree permissible, private control and autonomy in the administration of the private postsecondary schools and colleges in this state.

(b) The first members shall be appointed on or before January 15, 1973 and the superintendent shall designate the date of the first meeting of the council.

The terms of office of the members of the council shall commence on January 15, 1973, and the members shall enter upon their terms of office by lot so that the terms of four members shall expire on January 15, 1974, the terms of four members shall expire on January 15, 1975, and the terms of four members shall expire on January 15, 1976. The terms of office of the two members added to the council pursuant to Chapter 1202 of the Statutes of 1977 shall expire on January 15, 1982.

The terms of the members of the council shall be four years. No appointee shall serve on the council for more than eight consecutive years.

Any member of the council who misses two consecutive regular meetings of the council without cause forfeits the office, thereby creating a vacancy.

No person shall be deemed to be a member of the council until his appointment has been concurred in by the State Board of Education, which shall take action regarding such appointment at the board meeting next following the appointment.

At the first meeting of the council, and annually thereafter, the members shall select one of their number to serve as chairman and one to serve as vice chairman. The vice chairman shall preside over all meetings of the council in the absence of the chairman.

(c) Any vacancy on the council shall be filled in the same manner as provided for appointment of council members in subdivision (a). The appointee to fill a vacancy shall hold office only for the balance of the unexpired term.

(d) Appointed members of the council shall receive no compensation but shall receive their actual expenses for attendance at official council meetings, and when on official council business approved by the director, not to exceed Board of Control expense allowances.

(e) The council shall determine the time and place of council meetings which shall not be fewer than six times in each calendar year.

(f) The council shall

(1) Advise the superintendent on the establishment of policy for the administration of this chapter.

(2) Establish a process, in cooperation with the superintendent, for the development and promulgation of rules and regulations. The process developed should not be inconsistent with the provisions of this chapter and allow for the input of consumers and institutions.

(3) Adopt procedures necessary or appropriate for the conduct of its work and the implementation of the provisions of this chapter consistent with rules and regulations.

(4) Review minimum criteria utilized by the superintendent in conformity with subdivision (b) of Section 94310 and subdivision (d) of Section 94311 and Section 94312, including quality of education, ethical and business practices, health and safety, and fiscal responsibility, which applicants for approval to operate, or for an agent's permit, shall meet before such approval or permit may be issued, and to continue such approval or permit in effect. Criteria to be developed hereunder shall be such as will effectuate the purposes of this chapter but will not unreasonably hinder legitimate education innovation.

(5) In cooperation with the superintendent prepare and submit an annual report to the California Postsecondary Education Commission to be used by the commission for the review and inclusion in the annual update of the five-year plan for postsecondary education.

(b) Review appeals and complaints from educational institutions, agents and consumers. Make recommendations to the superintendent regarding the disposition of such appeals and complaints.

(g) All actions with the exception of those regarding the operating procedures of the council shall be adopted according to the affirmative vote of the majority of the council and shall be in writing.

94305 It is the intent of the Legislature that the superintendent meet regularly with the council, and that the superintendent work cooperatively with the council in providing leadership and direction in the continuing development of private postsecondary education.

The superintendent shall.

(a) Establish policy for the administration of this chapter in cooperation with the council.

(b) Adopt regulations in cooperation with the council not inconsistent with this chapter governing the exercise of authority comprised by this article which shall be adopted in accordance with Chapter 4.5 (commencing with Section 11571) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) Prepare annually a proposed budget for the support of activities of the Department of Education pursuant to this article. The proposed budget shall be presented to the council for its review and recommendations.

(d) Consult with the council prior to instituting any action to deny, suspend or withdraw approval or authorization of courses or schools pursuant to this article.

(e) Meet with the council at least twice per year. Take into consideration the advice of the council on all matters where the council is authorized to communicate advice to the director.

(f) Impanel special committees of technically qualified persons to assist him and the council in the development of standards for courses and the evaluation of any course or school applying for approval or authorization pursuant to subdivision (b) of Section 94310, Section 94312, and Section 94330. The special committees shall make such inspections and studies as may be necessary to enable them to advise the council and the superintendent in regard to action to be taken in any particular situation. Members of these special committees shall not be connected in any way with a school which is the subject of inspection or investigation. The members of the special committees shall serve at no expense to the state.

(g) Publish, annually, for public distribution a directory of all institutions approved or authorized to operate in this state under provisions of this chapter. The directory shall contain as a minimum the names and addresses of such institutions together with a notation of the statute section or sections under which the institution has been authorized or approved.

(h) Negotiate and enter into interstate reciprocity agreements with similar agencies in other states if, in the judgment of the superintendent such agreements are, or will be, helpful in effectuating the purposes of this chapter, except that nothing contained in any such reciprocity agreement shall be construed as limiting the superintendent's powers, duties, and responsibilities with respect to investigating or acting upon any application for issuance of or renewal of any agent's permit or with respect to the enforcement of any provision of this chapter or any of the rules or regulations promulgated under this chapter. Such agreements shall not include institutions authorized to operate under subdivision (b) of Section 94311 nor be in conflict with agreements arranged by the state licensing boards authorized to negotiate such agreements through provisions of the Business and Professions Code.

(i) Receive, investigate, as he or she may deem necessary, and act upon applications for authorization or approval to operate educational institutions and applications for agent's permits.

(j) It is the intent of the Legislature that the superintendent develop, with the cooperation of the council, a program or procedure requiring institutions subject to the provisions of this section to provide evidence assuring the due and faithful performance of agreements or contracts with students and the refund of unearned tuition in the event the school ceases to exist or provide instruction.

(k) Request the Attorney General to bring actions pursuant to paragraph (2) of subdivision (a) of Section 94339 which the superintendent deems necessary to enforce the provisions of this chapter.

94306 A corporation may be formed pursuant to this article for the purpose of establishing, conducting, and maintaining an educational institution offering courses of instruction beyond high school and issuing or conferring a diploma or degree. Such institutions shall include, but not be limited to, seminaries of learning, specialized educational institutions, community colleges, colleges, and universities, offering courses beyond high school.

94307 A corporation formed pursuant to this article shall comply with Chapter 1 (commencing with Section 300) of Part 2, Division 1, Title 1 of the Corporations Code, except that in lieu of the requirements of Sections 301 to 305, inclusive, the articles of incorporation shall state:

- (a) The name of the corporation
- (b) The purpose for which it is organized.
- (c) The county in this state where the principal office for the transaction of the business of the corporation is to be located
- (d) The names, residence address, and number of its directors at the time of its incorporation. Provision may be made that the number of directors may be established by the bylaws, provided, that the number of directors may not be less than five.

94308 (a) If a corporation formed pursuant to this article is to be authorized to issue shares of stock, the articles of incorporation shall state the total number of shares which the corporation shall have authority to issue and (1) the aggregate par value, of any, of all shares, and the par value of each of the shares, or (2) a statement that all the shares are to be without par value and except as herein provided shall be treated for all purposes as being incorporated pursuant to Division 1 (commencing with Section 300) of Title 1 of the Corporations Code.

(b) If a corporation formed pursuant to this article is to be authorized as a nonprofit corporation without authority to issue shares of stock, the articles of incorporation shall so state and except as herein provided, such corporation shall be treated for all purposes as being incorporated pursuant to Part 1 (commencing with Section 9000) of Division 2 of Title 1 of the Corporations Code and shall have the general powers granted by Section 18206 of the Corporations Code.

Article 2 Requirements and Standards

Degree-Granting Institutions

94310. No institution may issue, confer, or award an academic or honorary degree unless such institution meets the requirements of at least one of the three subdivisions of this section.

• Accreditation

(a) The institution, which at the time of the issuance of a degree, has accreditation of the institution, program, or specific course of study upon which the degree is based by a national or applicable regional accrediting agency recognized by the United States Department of Health, Education, and Welfare, Office of Education, or by the Committee of Bar Examiners for the State of California. The institution must file with the superintendent an annual affidavit by the administrative head of the institution stating that the institution is so accredited. Institutions authorized to operate under this subdivision may issue diplomas and certificates as well as degrees.

• Approval

(b) The institution has been approved by the superintendent to award or issue specific degrees. The superintendent shall not approve an institution to issue degrees until it is determined, based upon information submitted to him or her, that the institution has the facilities, financial resources, administrative capabilities, faculty, and other necessary educational expertise and resources to afford students and require of students the completion of a program of education which will prepare them for the attainment of a professional, technological, or educational objective, including, but not limited to, a degree, and the curriculum is consistent in quality with curricula offered by established institutions that issue the appropriate degree upon the satisfactory completion thereof. This shall include the determination that the course for which the degree is granted achieves its professed or claimed objective for higher education. The criteria developed hereunder shall be such as will effectuate the purposes of this chapter, but will not unreasonably hinder legitimate educational innovation.

Upon the receipt of a complete application, the superintendent shall, within 90 days, impanel a special committee for the purpose of evaluating the applicant institution. Within 90 days of the receipt of the special committee's recommendations, the superintendent shall take one of the following actions:

- (1) Grant a full approval for a period not to exceed three years
- (2) Grant a conditional approval for a period not to exceed one year plus the remainder of the year in which the application was made.
- (3) Disapprove the application. If the application is disapproved or a conditional approval is granted, the institution shall be advised of the specific reasons for such action and the specific corrective measures needed to achieve full approval.

Those institutions approved to issue degrees pursuant to this subdivision may also be authorized by the superintendent to issue diplomas for the completion of courses of study, within their approved degree program, but which do not fully meet the degree requirements. The superintendent may approve an application to issue honorary degrees, provided the applicant institution has full approval to issue academic degrees.

• **Authorization**

- (c) The institution has filed the following affidavits with the superintendent:
- (1) An annual affidavit of "full disclosure" describing the institutional objectives and proposed methods of achieving them, the curriculum, instruction, faculty with qualifications, physical facilities, administrative personnel, educational recordkeeping procedures, tuition and fee schedule, tuition refund schedule, scholastic regulations, degrees to be conferred, graduation requirements, and financial stability as evidenced by a certified financial statement for the preceding year.
 - (2) An affidavit by the president or other head stating that the institution owns, and shall continue to own, net assets in the amount of fifty thousand dollars (\$50,000) which is used solely for the purpose of education as stated in paragraph (1) of this subdivision, located within the State of California, and stating that these assets provide sufficient resources to achieve the educational objectives of the institution. Such assets shall include such real property as buildings and facilities, library materials, and instructional materials, but shall not include other personal property not used directly and exclusively by the institution for the purpose of education. The affidavit shall be accompanied by a statement from a public accountant showing the value of the interest of the institution therein to be at least fifty thousand dollars (\$50,000) above the unpaid balance on any note secured by a mortgage, deed of trust, or the unpaid balance on a contract of sale.
 - (3) An annual affidavit by the president or other head setting forth, as a minimum, the following information:
 - (i) All names, whether real or fictitious, of the person, institution, firm, association, partnership or corporation under which it has done or is doing business.
 - (ii) The address, including city and street, of every place of doing business of the person, firm, association, partnership or corporation, within the State of California.
 - (iii) The address, including city and street, of the location of the records of the person, firm, association, partnership or corporation, and the name and address, including city and street, of the custodian of such records.
 - (iv) The names and addresses, including city and street, of the directors, if any, and principal officers of the person, firm, association, partnership or corporation.
 - (v) That the records required by subdivision (k) of Section 94312 are maintained at the address stated, and are true and accurate.
- Any change in the items of information required to be included in this affidavit shall be reported to the superintendent within 20 days of such change.
- Within 30 days of the receipt of the affidavits described in paragraphs (1), (2), and (3) of this subdivision, and prior to granting the initial authorization to operate, the superintendent shall verify the truthfulness and accuracy of the affidavits by impaneling a three-member team comprised of one representative which he or she shall select, one representative of the California Postsecondary Education Commission, and one representative selected by but not affiliated with the institution to be inspected. Within 30 days of the receipt of the report from the three-member team, the superintendent shall grant or deny authorization to operate. Authorization to operate can be denied only if the affidavits are inaccurate. Authorization to operate may be granted for one year initially and for periods of three years upon each subsequent renewal, subject to payment of an annual fee pursuant to Section 94331. For all affidavits beyond the initial application, the superintendent may take such steps as may be necessary to verify the truthfulness and accuracy of the affidavits. Filing pursuant to this subdivision shall not be interpreted to mean, and it shall be unlawful for, any institution to expressly or impliedly represent by any means whatsoever, that the State of California, Superintendent of Public Instruction, the State Board of Education, or the Department of Education has made any evaluation, recognition, accreditation, approval, or endorsement of the course of study or degree.

Non-Degree Education

94311 No postsecondary educational institution may offer courses of education leading to educational, professional, technological, or vocational objectives unless such institution has been approved or authorized by the superintendent as meeting at least one of the following requirements:

• **Licensed Hospitals**

(a) A hospital licensed under the provisions of Article 1 (commencing with Section 1250) of Chapter 2, Division 2 of the Health and Safety Code and issues diplomas only in connection with the operation of a hospital.

• **State Licensed Schools**

(b) An institution which is accredited, approved, or licensed by a state board or agency as a school and which issues or confers diplomas in the profession, vocation or occupation controlled by the board or agency accrediting, approving, or licensing it, provided, that this subdivision shall not be construed as authorizing the issuing of a diploma which is not customarily granted for the training given and which is limited to the profession, vocation or occupation controlled by the accrediting, approving, or licensing board or agency. Authorization to operate pursuant to this subdivision shall only be denied if the institution does not possess a valid accreditation, approval, or licensure by a California state agency. Institutions seeking approval or authorization pursuant to this subdivision shall be exempt from providing the application materials specified in subdivision (a) of Section 94330, and from the requirements of subdivisions (e) and (g) of Section 94330.

• **Accredited Courses**

(c) An institution which at the time of the issuance of a diploma, has accreditation of the institution, program or specific course of study upon which the diploma is based by a national or applicable regional accrediting agency recognized by the United States Department of Health, Education, and Welfare, Office of Education, and the administrative head of the institution has filed with the superintendent an annual affidavit verifying that the institution, program, or each course of study for which a diploma is issued is so accredited.

• *Approved Courses*

- (d) An institution which has been approved by the superintendent as meeting the following minimum criteria
 - (1) That the quality and content of each course or program of instruction, training, or study are such as may reasonably and adequately achieve the stated objective for which the course or program is offered
 - (2) There is in the institution adequate space, equipment, instructional material, and instructor personnel to provide training of the quality needed to attain the objective of that particular course
 - (3) Educational and experience qualifications of directors, administrators, and instructors are adequate.
 - (4) The institution maintains written records of the student's previous education and training with recognition where applicable
 - (5) A copy of the course outline, schedule of tuition, fees and other charges, regulations pertaining to tardiness, absence, grading policy and rules of operation and conduct is given to students upon enrollment.
 - (6) The institution maintains adequate records to show attendance, progress, and grades
 - (7) The institution complies with all local city, county, municipal, state, and federal regulations such as fire, building, and sanitation codes. The superintendent may require evidence of compliance
 - (8) The institution does not exceed enrollment which the facilities and equipment of the institution can reasonably handle
 - (9) The institution's administrator, director, owner, and instructors are of good reputation and character
 - (10) Application for each approval shall be made in writing on proper application forms. Pending final approval, the superintendent may issue a provisional approval upon submission of the complete application.
- Within 30 days following receipt of application, and prior to the issuance of either provisional or final approval, a representative of the superintendent shall personally inspect the school and verify the application. If the visitation does not occur within 30 days following receipt of the application, the institution will automatically receive a provisional approval. Within 30 days following visitation, either final approval, provisional approval, or denial of approval must be given to each application. If the superintendent does not act within 30 days following visitation, the application from the institution will automatically receive approval. If all information is in order, the superintendent may authorize provisional approval. A provisional approval shall not exceed a period of one year, subject to prior termination or conversion to annual approval. A provisional approval may not be extended

Minimum Standards

§4312 All institutions authorized, or approved, under this chapter shall be maintained and operated, or in the case of a new institution, must demonstrate that it shall be maintained and operated, in compliance with the following minimum standards:

- (a) That the institution is financially capable of fulfilling its commitments to its students
- (b) That the institution and its agents do not utilize advertising of any type which is erroneous or misleading, either by actual statement, omission, or intimation.
- (c) That the institution designates an agent for service of process within this state.
- (d) That the institution has and maintains a fair and equitable policy in reference to refund of the unused portion of tuition fees and other charges in the event the student fails to enter the course, or withdraws therefrom at any time prior to completion of the course. Such a policy shall be in compliance with the minimum standard of refunds as adopted by the superintendent. The superintendent shall take into consideration the length and character of the educational program in determining standards for refunds.
- (e) That any written contract or agreement signed by a prospective student away from the institution premises will not become operative until the student makes an initial visit to the institution. The provision applies only in those situations when the student begins payment on tuition charges (beyond the registration fee) prior to arriving at the campus. The student is obligated to visit the campus at least six days prior to the start of classes. The school officials are obligated to provide the student with a thorough tour of the campus facilities and to place a written statement, signed by the student, in the student's file to verify that the visitation and campus tour were provided. Following the visitation to the campus, the student will have a three-day "cooling off" period to void the contract with no money to be retained by the school as provided in subdivision (d) of this section. If the student does not visit the campus after signing the contract, the "cooling off" period will automatically begin six days prior to the start of classes. The student may waive the right to visit the campus at any time after signing the contract. This provision does not apply to correspondence schools or other mail study institutions. The superintendent shall take into consideration the character of the educational program in determining if other types of institutions should also be excluded from this provision.
- (f) That any written contract or agreement for a course of study with an institution shall include on the first page of such agreement or contract, in 12-point boldface print or larger, the following statement:

"Any questions or problems concerning this institution which have not been satisfactorily answered or resolved by the institution should be directed to the Superintendent of Public Instruction, State Department of Education, Sacramento, CA 95814."

In addition, such written contracts or agreements shall specify, in underlined capital letters on the same page of the contract or agreement in which the student's signature is required, the total financial obligation that the student will incur upon enrollment in the institution in numbers or letters.

- (g) That neither the institution nor its agents engage in sales, collection, credit, or other practices of any type which are false, deceptive, misleading, or unfair

(h) That the institution makes available to students and other interested persons a catalog or brochure containing information describing the courses offered, program objectives, length of program, faculty and their qualifications, schedule of tuition, fees, and all other charges and expenses necessary for completion of the course of study, cancellation and refund policies, the total cost of tuition over the entire period, and (for vocational training programs for which specific placement claims are made) placement data, as well as such other material facts concerning the institution and the program or course of instruction, as are reasonably likely to affect the decision of the student to enroll therein, as specified by the superintendent and defined in the rules and regulations, and that such information is made available to prospective students prior to enrollment

- (i.) That upon satisfactory completion of training, the student is given an appropriate degree or diploma by the institution, indicating that said course or courses of instruction or study have been satisfactorily completed by the student.
- (j.) That adequate records are maintained by the institution to show attendance, progress, or grades, and that satisfactory standards are enforced relating to attendance, progress, and performance
- (k.) That the institution maintains current records for a period of not less than five years at its principal place of business within the State of California, immediately available during normal business hours, for inspection by the superintendent or the Attorney General of California showing the following:
 - (1) The names and address, both local and home, including city and street, of each of its students;
 - (2) The courses of study offered by the institution;
 - (3) The names and addresses, including city and street, of its faculty, together with a record of the educational qualifications of each;
 - (4) The degrees or diplomas and honorary degrees and diplomas granted, the date of granting, together with the curricula upon which the diplomas and degrees were based.
- (l.) Accreditation by a national or applicable regional accrediting agency recognized by the United States Office of Education or accreditation, approval, or licensure by a California state agency shall be accepted by the superintendent as evidence of compliance with the minimum standards established by the accrediting or licensing agency, and therefore as evidence of compliance with the minimum standards specified in the provisions of this section. If there is substantial evidence of violation of the standards established by the responsible agency, however, the superintendent may require such further evidence and make such further investigation as may be necessary.

Article 3 Prohibited Activities

Prohibited Activities

- 94320 No institution, or representative of such institution, shall
- (a) Operate in this state a postsecondary educational institution not exempted from the provisions of this chapter, unless said institution has a currently valid authorization to operate issued pursuant to the provisions of this chapter
 - (b) Offer, as or through an agent, enrollment or instruction in, or the granting of educational credentials from, an institution not exempted from the provisions of this chapter, whether such institution is within or outside this state, unless such agent is a natural person and has a currently valid agent's permit issued pursuant to the provisions of this chapter, nor accept contracts or enrollment applications from an agent who does not have a current permit as required by this chapter, provided, however, that the superintendent may promulgate rules and regulations to permit the rendering of legitimate public information services without such permit
 - (c) Instruct or educate, or offer to instruct or educate, including soliciting for such purposes, enroll or offer to enroll, contract or offer to contract with any person for such purpose, or award any educational credential, or contract with any institution or party to perform any such act, in this state, whether such person, agent, group, or entity is located within or without this state, unless such person, agent, group, or entity observes and is in compliance with the minimum standards set forth in Section 94312, the criteria established by the superintendent and reviewed by the council pursuant to paragraph (4) of subdivision (f) of Section 94304, and the rules and regulations adopted by the superintendent pursuant to subdivision (b) of Section 94305
 - (d) Use, or allow the use of, any reproduction or facsimile of the Great Seal of the State of California on any diploma.

(Additional prohibited activities are detailed on page 13 of this reprint.)

Prohibited Advertising

94321 No institution, or representative of such institution, shall

(a) Make, or cause to be made, any statement, or representation, oral, written, or visual, in connection with the offering or publicizing of a course, if such person, firm, association, partnership, or corporation knows, or reasonably should have known, the statement or representation to be false, deceptive, inaccurate, or misleading

(b) Promise or guarantee employment

(c) Advertise concerning job availability, degree of skill and length of time required to learn a trade or skill unless the information is accurate and in no way misleading

(d) Advertise, or indicate in any promotional material, that correspondence instruction, or correspondence courses or study are offered without including in all advertising or promotional material the fact that the instruction or courses of study are offered by correspondence or home study

(e) Advertise, or indicate in any promotional material, that resident instruction, or courses of study are offered without including in all advertising or promotional material the location where the training is given or the location of the resident instruction

(f) Solicit students for enrollment by causing any advertisement to be published in "help wanted" columns in any magazine, newspaper, or publication or use "blind" advertising which fails to identify the school or institution

Nothing contained in this section shall prohibit a private school and a bona fide employer from jointly advertising in "help wanted" columns of a magazine, newspaper, or other publication if they meet all of the conditions established by the superintendent for such advertising

Any institution willfully violating any provisions of this section shall be unable to enforce any contract or agreement arising from the transaction in which the violation occurred and it may be one of the grounds for losing the approval or authorization to operate in this state. In addition, in the event of such violation, the institution shall refund to the student any tuition or fees that have been collected from the student. The student shall be awarded, in addition to the foregoing, any damages sustained, and may be awarded treble damages, in the discretion of the court

The judgment rendered in any action maintained for the recovery of fees or damages sustained in accordance with the terms of this section or the judgment rendered in any action defended by a student, shall, if the student is the prevailing party, include court costs, including a reasonable attorney's fee fixed by the court

The provisions of this section shall supplement and not displace the authority granted the Division of Labor Law Enforcement under Section 1700.4 of the Labor Code to the extent that placement activities of trade schools are subject to regulation by the division under the Labor Code

Article 4 Applications, Authorizations, Fees, and Protections

Application Requirements

94330 (a) Each institution desiring to operate in this state shall make application to the superintendent, upon forms to be provided by the superintendent. The application shall include, as a minimum, at least the following

(1) A catalog published or proposed to be published by the institution containing the information specified in the criteria promulgated by the superintendent. The catalog shall include specific dates as to when the catalog applies

(2) A description of the institution's placement assistance, if any

(3) Copies of media advertising and promotional literature

(4) Copies of all student enrollment agreement or contract forms and instruments evidencing indebtedness

(5) The name and California address of a designated agent upon whom any process, notice or demand may be served

(b) Each application shall be signed and certified to under oath by the principal owners of the school (those who own at least 10 percent of the stock)

(c) Following review of such application and any other further information submitted by the applicant, or required in conformity with Sections 94310 and 94311, and such investigation of the applicant as the superintendent may deem necessary or appropriate, the superintendent shall either grant or deny approval or authorization to operate to the applicant

The provision of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code shall be applicable to any determination of the superintendent made pursuant to this section

(d) The term for which approval or authorization is given shall not extend for more than three years, and may be issued for a lesser period of time

(e) The approval or authorization to operate shall be issued to the owner, or governing body, of the applicant institution, and shall be nontransferable. In the event of a contemplated shift in control, or a change in ownership of the institution, a new owner, or governing body, must at least 20 days prior to the shift in control or change in ownership, apply for a new approval or authorization to operate, and in the event of failure to do so, the institution's approval or authorization to operate shall terminate. Application for a new approval or authorization to operate by reason of a shift in control or a change in ownership of the institution shall be deemed an application for renewal of the institution's approval or authorization to operate. The shift in control, or change in ownership of the institution may not be made until the application is approved. "Ownership," for purposes of this section, shall be deemed to mean ownership of a controlling interest in the institution, or in the event the institution is owned or controlled by a corporation or other legal entity other than a natural person or persons, ownership of a controlling interest in the legal entity owning or controlling such institution

- (f) At least 60 days prior to the expiration of an approval or authorization to operate, the institution shall complete and file with the superintendent an application form for renewal of its approval or authorization to operate. Said renewal application shall be reviewed and acted upon as provided hereinabove.
- (g) An institution not yet in operation when its application for approval or authorization to operate is filed may not begin operation and enroll students until receipt of approval or authorization. An institution in operation, when its application for authorization to operate is filed, may continue operation until its application is acted upon by the superintendent.
- (h) Institutions accredited by an agency recognized by the United States Office of Education are not required to file the information described in part (3) and (4) of subdivision (a) of this section.
- (i) Catalogs submitted by accredited institutions shall be deemed to meet the requirements of this section, except where the Superintendent finds the catalogue does not meet the standards and criteria of the institution's accrediting agency. In such case, the Superintendent may require modification of the catalog to bring it into compliance with the standards and criteria of the appropriate accrediting agency.

Fee Schedule

94331 The superintendent shall charge commencing with the current fiscal year of the effective date of the act that added this chapter, the fees listed herein for the approval of private institutions operating under this chapter. For ensuing fiscal years, the superintendent may annually increase or decrease such fees by an amount which reflects an increase or decrease in the Consumer Price Index, all items of the Bureau of Labor Statistics of the United States Department of Labor, measured for the calendar year next preceding the fiscal year to which it applies. The superintendent shall annually publish a schedule of the current fees to be charged pursuant to this section and shall make such schedule generally available to the public.

The following fee schedule shall govern the fees to be paid by private institutions operating under this chapter:

- (a) For approval to issue degrees pursuant to subdivision (b) of Section 94310
 - (1) Five hundred thirty dollars (\$530) for an original application
 - (2) One hundred sixty dollars (\$160) annually during the duration of the approval period renewal of such application
- (3) One hundred six dollars (\$106) for any of the following: approval to grant additional degrees, for change of location, or auxiliary facilities in a new location
- (4) One hundred sixty dollars (\$160) for change of ownership
- (b) For filing original affidavits as required to issue degrees pursuant to subdivision (c) of Section 94310
 - (1) Three hundred eighteen dollars (\$318) for initial applications
 - (2) One hundred sixty dollars (\$160) annually during the duration of the authorization period for renewal of such application
 - (3) One hundred sixty dollars (\$160) for change of ownership
- (c) For authorization to issue diplomas or offer courses of study pursuant to subdivision (c) of Section 94311 the original application shall be accompanied by a three hundred eighteen dollar (\$318) fee. Applications filed annually thereafter shall each be accompanied by one hundred sixty dollars (\$160)
- (d) For approval to issue diplomas or offer courses of study pursuant to subdivision (d) of Section 94311
 - (1) Three hundred eighteen dollars (\$318) for an original application
 - (2) One hundred sixty dollars (\$160) for a renewal of an annual approval
 - (3) One hundred six dollars (\$106) for approval of any of the following: change of location, major change or revisions in curriculum or course, auxiliary facilities in a new location, or additional courses of study
 - (4) One hundred sixty dollars (\$160) for change of ownership
 - (5) Nine dollars (\$9) for each evaluation and approval of directors, administrators, and instructors subsequent to the original application
- (e) For approval of an applicant to solicit or sell courses of study pursuant to Section 94333, the original application shall be accompanied by a twenty-two dollar (\$22) fee. Each applicant shall pay an annual renewal fee of sixteen dollars (\$16). Application for additional sales permits shall be accompanied by a sixteen dollar (\$16) fee.

Fee amounts shown are subject to annual revision.

Consumer Complaints

- 94332 (1) Any person claiming damage or loss as a result of any act or practice by a postsecondary educational institution or its agent, or both, which is a violation of this chapter or of the rules and regulations promulgated hereunder, may file with the superintendent a verified complaint against such institution or against its agent or both. The complaint shall set forth the alleged violation and shall contain such other information as may be required by the superintendent.
- (2) The superintendent shall investigate any such complaint and may, at his or her discretion, attempt to effectuate a settlement by persuasion and conciliation. The superintendent may consider a complaint after 10 days' written notice by registered mail, return receipt requested, to such institution or to such agent, or both, as appropriate.
- (3) If, upon all the evidence at a hearing, the superintendent shall find that an institution or its agent, or both, has engaged in or is engaging in, any act or practice which violates the provisions of this chapter or the rules and regulations promulgated hereunder, the superintendent shall report such evidence to the Attorney General. The superintendent may also, as appropriate, based on its own investigation or the evidence adduced at such hearing, or both, commence an action to revoke an institution's approval or authorization to operate or an agent's permit.

Solicitors and Solicitation Practices

94333 Any agent, as defined by subdivision (a) of Section 94302, must hold a valid permit issued by the superintendent. Administrators or faculty, or both, who make informational public appearances, but whose primary task is not to serve as a paid recruiter, are exempted from this section. The application for such a permit shall be furnished by the superintendent and shall include the following:

- (1) A statement signed by the applicant that he or she has read the provisions of this chapter and the rules and regulations promulgated pursuant thereto.
- (2) A surety bond making provision for indemnification of any person for any material loss suffered as a result of any fraud or misrepresentation used in connection with the solicitation for the sale or the sale of any course of study. The term of the bond shall extend over the period of the permit. The bond may be supplied by the institution or by the person for whom the issuance of the permit is sought and may extend to cover individuals separately or to provide blanket coverage for all persons to be engaged as representatives of the institution. Such bond shall provide for liability in the penal sum of one thousand dollars (\$1,000) for each agent to whom coverage is extended by its terms. Neither the principal nor surety on a bond may terminate the coverage of the bond except upon giving 30 days' prior written notice to the superintendent.
- (3) A fee as required by Section 94331.

(b) An agent representing more than one institution must obtain a separate agent's permit for each institution represented, provided, that when an agent represents institutions having a common ownership, only one agent's permit shall be required with respect to said institutions. In the event any institution which the applicant intends to represent does not have approval or authorization to operate in this state, said application shall be accompanied by the information required of institutions making application for such approval or authorization.

(c) No person shall be issued a permit except upon the submission of satisfactory evidence of good moral character.

(d) A permit shall be valid for the calendar year in which it is issued, unless sooner revoked or suspended by the superintendent for fraud or misrepresentation in connection with the solicitation for the sale of any course of study, or for the existence of any condition in respect to the permittee or the school he or she represents which, if in existence at the time the permit was issued, would have been grounds for denial of the permit.

(e) The permittee shall carry the permit with him or her for identification purposes when engaged in the solicitation of sales and the selling of courses of study away from the premises of the school.

(f) A temporary permit shall be issued when a complete application is filed. The temporary permit will automatically expire when the applicant is notified of the superintendent's decision to issue or deny a regular permit. Notification is complete when the applicant learns of the superintendent's decision or three days after notice of the decision is mailed to the applicant's address stated in the application, whichever occurs first. The superintendent may deny or terminate any temporary permit at any time upon receipt of any information for which a regular permit might be denied. Such termination is effective when the applicant is notified as stated above.

The judgment rendered in any action maintained for any material loss suffered as a result of any fraud or misrepresentation used in connection with the solicitation for the sale or the sale of any course of study away from the premises of the school shall, if the plaintiff is the prevailing party, include court costs including a reasonable attorney's fee fixed by the court.

The provisions of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code shall be applicable to any determination of the superintendent made pursuant to this section.

The issuance of a permit pursuant to this section shall not be interpreted as, and it shall be unlawful for any individual holding any such permit to expressly or impliedly represent by any means whatever, that the superintendent has made any evaluation, recognition, accreditation, or endorsement of any course of study being offered for sale by the individual.

It shall be unlawful for any individual holding a permit under this section to expressly or impliedly represent, by any means whatever, that the issuance of the permit constitutes an assurance by the superintendent that any correspondence course of study being offered for sale by the individual will provide and require of the student a course of education or training necessary to reach a professional, educational or vocational objective, or will result in employment or personal earnings for the student.

94335 (a) No note, other instrument of indebtedness, or contract relating to payment for educational services shall be enforceable in the courts of this state by any institution within or outside this state governed by the provisions of this chapter unless at the time of execution of such note, other instrument of indebtedness, or contract, said institution has a valid approval or authorization pursuant to the provisions of this chapter.

(b) No note, other instrument of indebtedness, or contract relating to payment for educational services shall be enforceable in the courts of this state by any institution within or outside this state governed by the provisions of this chapter unless such agent, who enrolled persons to whom educational services were to be rendered or to whom degrees or diplomas were to be granted pursuant to the provisions of this chapter, held a valid agent's permit at the time of execution of the note, other instrument or indebtedness, or contract.

(c) Any school or institution governed by the provisions of this chapter extending credit or lending money to any person for tuition, fees, or any charges whatever for educational services to be rendered or furnished shall cause any note, instrument, or other evidence of indebtedness taken in connection with such loan or extension of such credit to be conspicuously marked on the face thereof with the following notice:

NOTICE

ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

In the event such school or institution fails to do so, it shall be liable for any damage or loss suffered or incurred by any subsequent assignee, transferee, or holder of such evidence of indebtedness on account of the absence of such notification

(d) Notwithstanding the presence or absence of such notification and notwithstanding any agreement wherein the student waives the right to assert any claim or defense, the school or institution making such loan or extending such credit and the transferee, assignee, or holder of such evidence of indebtedness, shall be subject to all defenses and claims which could be asserted against the school or institution which was to render or furnish such educational services by any party to such evidence of indebtedness or by the person to whom such educational services were to be rendered or furnished up to the amount remaining to be paid thereon

Penalty for Violation

94336 Any person, firm, association, partnership, or corporation willfully violating subdivision (d) of Section 94320 is guilty of a felony and is punishable by imprisonment in the state prison, or by a fine of not less than one thousand dollars (\$1,000), or by both such fine and imprisonment.

Any person, firm, association, partnership, or corporation which willfully violates any other provision of this chapter, is punishable, for a first offense, by imprisonment in the county jail for not exceeding one year, or by a fine not exceeding five hundred dollars (\$500), or both, and for second or subsequent offenses shall be a felony punishable by imprisonment in the state prison, or by a fine of not less than one thousand dollars (\$1,000) or by both such fine and imprisonment

94337 Any institution approved or authorized to operate prior to the effective date of the act that added this chapter shall retain such authorization until January 1, 1979, without authorization or approval of the superintendent unless

(a) Such authorization or approval is revoked by the superintendent or suspended by operation of law pursuant to the provisions of this section

(b) Such authorization or approval expires and is subject to renewal

(c) The institution ceases to exist or provide instruction

After January 1, 1979, all institutions must either be authorized or approved by the superintendent in conformity with this chapter

94338 Any institution approved or authorized by the superintendent pursuant to the provisions of this chapter may contract with any school district, county superintendent, community college district, or the governing body of an agency maintaining a regional occupational center or program, subject to Section 8092

94339 (a) The Attorney General

(1) May make such investigations as may be necessary to carry out the provisions of this chapter, including, but not limited to, investigations of complaints which are under review by the council pursuant to paragraph (6) of subdivision (f) of Section 94304.

(2) And the superintendent may, jointly, bring such actions as may be necessary to enforce the provisions of this chapter, including, but not limited to, civil actions for injunctive relief. In actions brought pursuant to this paragraph, the superintendent shall be represented by the Attorney General

(b) The Attorney General shall represent the superintendent in any administrative proceedings arising under this chapter

(c) Nothing in this section or this chapter shall be deemed to preclude the Attorney General from

(1) Bringing any actions on behalf of the people as he is empowered by law to bring, including but not limited to, actions based upon alleged violations of Section 17500 of the Business and Professions Code or Section 3369 of the Civil Code

(2) Conducting such investigations as may be necessary to determine whether there have been violations of the provisions of law specified in paragraph (1) of this subdivision,

(3) Conducting any such investigations as he is authorized by law to conduct including, but not limited to, investigations authorized pursuant to Section 1180 of the Government Code

94341 If any section, subdivision, paragraph, subsection, sentence, clause, or phrase of this chapter is, for any reason, held to be unconstitutional such decision shall not affect the validity of the remaining portions of this chapter. The Legislature hereby declares that it would have passed this chapter, and each section, subdivision, paragraph, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more of the sections, subdivisions, paragraphs, subsections, sentences, clauses, or phrases are declared to be unconstitutional

Student Tuition Recovery Fund

94342 The superintendent shall establish and maintain a Student Tuition Recovery Fund for the purpose of relieving or mitigating pecuniary losses suffered by any California resident who is a student of an approved or authorized postsecondary educational institution which charges prepaid tuition, as a result of such institution ceasing its operation for any reason. The Council for Private Postsecondary Educational Institutions acting in its established capacity and relationship may offer advice with regard to the administration of this section

Payments from the fund to any student shall be at the discretion of the superintendent and shall be subject to such regulations and conditions as the superintendent shall prescribe. The provisions of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code shall be applicable to any determination of the superintendent made pursuant to this section

94343 Commencing January 1, 1979, the superintendent may annually assess institutions authorized, or approved, under this chapter, who charge and collect prepaid tuition. Each such institution shall be assessed a charge of one-tenth of 1%, maximum charge not to exceed two dollars (\$2), of tuition paid by each student enrolled during each fiscal, calendar, or school year, in such institutions. Said assessments shall be paid into the State Treasury and credited to the Student Tuition Recovery Fund, and said deposits shall be allocated except as otherwise provided for in this act, solely for the payment of valid claims to students. In no event shall assessments be levied if, on June 30 of any year, the balance in the fund exceeds seven hundred fifty thousand dollars (\$750,000), provided that, regardless of the balance in the fund, assessments shall be made on any newly approved or authorized institution. The moneys so deposited in the Student Tuition Recovery Fund are continuously appropriated to the Department of Education for the purpose of paying claims to students pursuant to Section 94342. Not more than fifty thousand dollars (\$50,000) per fiscal year shall be used for the administration of the tuition recovery program authorized by Section 94342 and this section. The interest earned on money in the fund shall be credited to the fund. Institutions which are accredited by a regional accrediting association recognized by the U.S. Department of Health, Education and Welfare, or which meet the student tuition indemnification requirements of a California state agency, or which demonstrate to the superintendent that an acceptable alternative method of protecting their students against loss of prepaid tuition has been established, shall be exempted from the provisions of this section.

In the event of a closure by any institution authorized, or approved under this chapter, any assessments which have been made against such institutions, but have not been paid into the State Treasury, shall be recovered by appropriate action taken by the Superintendent of Public Instruction. The moneys so deposited in the Student Tuition Recovery Fund shall be exempt from execution and shall not be the subject of litigation or liability on the part of creditors of such institutions or students.

94343.5 Students enrolling in institutions which come under provisions of Sections 94342 and 94343, shall disclose in writing, if applicable, the source of any and all guaranteed or insured loans granted for the purposes of paying tuition to such institution. In the event of a closure of any such institution, the Superintendent of Public Instruction shall provide any lending institution which is the source of any guaranteed or insured student loan with the names of students maintaining loans with any such lending institution.

94344 The superintendent with the advice of the Council for Private Postsecondary Educational Institutions shall adopt rules and regulations necessary to implement Sections 94342 and 94343.

Article 5 Termination

94350 The provisions of this chapter shall remain in effect only until July 1, 1982, and as of that date are repealed.

SEC 3 Within three years following the effective date of this act, the Legislative Budget Committee, in cooperation with the California Postsecondary Education Commission, shall review and evaluate the implementation of the provisions of this act by the Department of Education, and shall report to the Legislature the results of this review and evaluation.

Unaccredited Law Schools

CHAPTER 3.5 UNACCREDITED LAW SCHOOLS

94360 Any law school that is not accredited by the examining committee of the State Bar shall provide every student with a disclosure statement, subsequent to the payment of any application fee but prior to the payment of any registration fee, containing the following information:

(a) The school is not accredited. However, in addition, if the school has been approved by other agencies, that fact may be so stated.

(b) Where the school has not been in operation for 10 years, the assets and liabilities of the school. However, if the school has had prior affiliation with another school that has been in operation more than 10 years, has been under the control of another school that has been in operation more than 10 years, or has been a successor to a school in operation more than 10 years, the requirements of this subdivision shall not be applicable.

(c) The number and percentage of students who have taken and who have passed the first-year law student's examination and the final bar examination in the previous five years, or since the establishment of the school, whichever is less, which will include only those students who have been certified by the school to take the examinations. This subdivision shall not apply to correspondence schools.

(d) The number of legal volumes in the library. This subdivision shall not apply to correspondence schools.

(e) The educational background, qualifications and experience of the faculty, to include whether or not the faculty members and administrators (e.g., the dean) are members of the California State Bar.

(f) The ratio of faculty to students for the previous five years or since the establishment of the school, whichever is less. This subdivision shall not apply to correspondence schools.

(g) Whether or not the school has applied for accreditation, and if so, the date of application and whether or not that application has been withdrawn, is currently pending, or has been finally denied. The school need only disclose information relating to applications made in the previous five years.

(h) That the education provided by the school may not satisfy requirements of other states for the practice of law. Applicants should inquire regarding such requirements, if any, to the state in which they may wish to practice.

The disclosure statement required by this section shall be signed by each student, who will receive as a receipt a copy of his signed disclosure statement. If any school does not comply with these requirements, it shall make a full refund of all fees paid by students.

94361 A law school not accredited by the examining committee of the State Bar may refer to itself as a university or part of a university, and if it so refers to itself, shall state whether or not the law school is associated with an undergraduate school.

94363 (a) The Superintendent of Public Instruction and the Attorney General shall take cognizance of the fact that both have definite duties and responsibilities under the provisions of this article
 (b) The Superintendent of Public Instruction shall report any information concerning possible violations of this article to the Attorney General
 (c) The Attorney General shall make such investigations as are necessary to determine whether or not there has been compliance with the provisions of this article
 94364 The Attorney General is hereby authorized to take such actions as are necessary, including the obtaining of injunctive relief, to enforce the provisions of this article

Restrictions For Producing Documents

Article 8 Prohibited Activities

32370 As used in this article
 (a) "Person" means any individual, partnership, corporation, association, firm, or public board, agency, or entity
 (b) "Prepare" means to put into condition for intended use
 (c) "Degree" means any "academic degree" or "honorary degree" or title of any designation, mark, appellation, series of letters or words such as, but not limited to, associate, bachelor, master, doctor, or fellow which signifies, purports, or is generally taken to signify satisfactory completion of the requirements of an academic, educational, technological, or professional program of study or is an honorary title conferred for recognition of some meritorious achievement
 (d) "Diploma" means any diploma, certificate, transcript, document, or other writing in any language other than a degree representing that an individual has completed any course of study
 32371 Any person who prepares, manufactures, or prints, or who offers to prepare, manufacture, or print, for a fee or other compensation, any document purporting to be a degree or diploma without written authorization to do so from the school authority shall be guilty of a misdemeanor As used in this section, "school authority" means any of the following
 (a) A governing board of a school district that issued or reissued the degree or diploma, as the case may be
 (b) A private school that issued or reissued the degree or diploma, as the case may be
 (c) Any public or private college, university, or other institution of higher learning that issued or reissued the degree or diploma, as the case may be
 Nothing in this section shall prohibit a person from reproducing, or having reproduced, for his personal use a degree or diploma issued to him by a school authority
 32372 No person shall
 (a) Sell, barter, offer to sell or barter, or conspire to sell or barter, any diploma or degree as defined in this article
 (b) Buy, obtain by barter, attempt to buy or obtain by barter, or conspire to obtain by barter or buy, any diploma or degree
 (c) Use in connection with any business, trade, profession, or occupation, or attempt to use in connection with any business, trade, profession or occupation, or conspire to use in connection with any business, trade, profession or occupation, any degree or diploma, which has been purchased, obtained by barter, fraudulently or illegally issued, illegally obtained, counterfeited, materially altered, or found
 (d) Use in connection with a business, trade, profession, or occupation, or give or receive, any degree or diploma which has been purchased, obtained by barter, fraudulently or illegally issued, illegally obtained, counterfeited, materially altered, or found
 (e) Attempt to use in connection with a business, trade, profession, or occupation, or attempt to give or receive, any degree or diploma, which has been purchased, obtained by barter, fraudulently or illegally issued, illegally obtained, counterfeited, materially altered, or found
 (f) Conspire to use in connection with a business, trade, profession, or occupation, or conspire to give or receive, any diploma or degree evidencing the undertaking or completion of any course of study or scholastic achievement attained if, in fact, such course of study has not been undertaken nor completed or if such scholastic achievement has not been attained
 32373 Any person willfully violating any provision of Section 32372 is guilty of a misdemeanor and is punishable by imprisonment in the county jail, or by a fine of not more than one thousand dollars (\$1,000) or by both such fine and imprisonment
 32374 Any court of competent jurisdiction is hereby authorized to grant such relief as is necessary to enforce the provisions of this article, including the issuance of an injunction
 32375 Actions for injunction under the provisions of this article may be brought in the name of the people of the State of California upon their own complaint or upon the complaint of any person, or in the name of any authorized public or private school, college, university, or other authorized institution of learning, acting on its own behalf or the general public

The provisions of the Education Code are further delineated in the rules and regulations of Title 5 of the California Administrative Code

APPENDIX B

AUTHORIZED DEGREE GRANTING INSTITUTIONS BY TYPE

Arts	6
Business	10
Chiropractic	2
Ethnic and Foreign Studies	5
Family/Marital Therapy	2
General Collegiate	29
Law	18
Medicine	3
Psychology	11
Religious	38
Technology	4
Urban Policy	<u>2</u>
TOTAL	130

APPENDIX B

AUTHORIZED DEGREE-GRANTING INSTITUTIONS (as of September 1980)

(Institutions listed below derive their status as degree-granting institutions solely from Section 94310(c) of the Education Code)

ARTS

Ali Akbar College of Music
Eubanks Conservatory of Music and Arts
Laguna Beach School of Art and Design
Louise Salinger Academy of Fashion Dress Design
Music and Arts Institute
Southern California Conservatory of Music

BUSINESS

American Graduate University
California College of Commerce
Century University
Kensington University
Los Angeles Business College
South Bay University
Sysorex Institute
United College of Business
University Associates Graduate School of Human Resource Development
University of Santa Monica

CHIROPRACTIC

Northern California College of Chiropractic
Pacific States Chiropractic College

ETHNIC AND FOREIGN STUDIES

Arabic and Islamic Studies
Colegio de la Tierra
Institute for Transcultural Studies
University of Oriental Studies
William Carey International University

FAMILY/MARITAL THERAPY

American Institute of Family Relations
California Graduate School of Family and Marital Therapy

GENERAL COLLEGIATE

Ambassador College
California International University
California National Open University
California University for Advanced Studies
California Western University
City University Los Angeles
Columbia Pacific University
Common College
Donsbach University
Golden State University
Great Western University
Kensington University
Lafayette Morehouse Inc.
La Jolla University
Methods University
Newport International University
Pacific Southern University
Pacific Western University
Ryokan College
The University of Beverly Hills
The University of Canterbury
The University of Central California
University of San Gabriel Valley
University of the Trees
Walden University
Washington International University
Western University
World College West
World University in Ojai

LAW

American College of Law
California College of Law
Citrus Belt Law School
Empire College School of Law
Golden West University School of Law

LAW (cont'd)

Heed University
Irvine University School of Law
Lincoln University, The Law School
Loma Linda College of Law
Monterey College of Law
National Public Law Training Center
Pacific Coast University
Peninsula University College of Law
San Mateo Law School
Santa Barbara College of Law
South Bay University College of Law
The Peoples College of Law
Western Sierra Law School

MEDICINE

Maric College
Pacific College of Naturopathic Medicine
Samra University of Health Science

PSYCHOLOGY

American National Institute of Psychical Research and Development
College for Human Services - California
Graduate Center for Child Development Psychotherapy
Graduate School of Human Behavior
Institute for Integrative Therapy
Los Angeles Psycho/Social Center
L A. Psychoanalytic Society and Institute
Pacific Institute for Advanced Studies
St. George Center for Training
Synthesis Graduate School for the Study of Man
The University for Humanistic Studies

RELIGIOUS

Andrew Baptist College and Seminary
Bay Cities Bible Institute
Berean Bible College
California Christian College
California Christian University

RELIGIOUS (cont'd)

Capitol Bible Institute
Center for Theological Studies
Christ College Irvine
Christian Associates Seminary
Dharma Realm Buddhist University
Evangelical Christian College
George W. Tackett College
Grace College of Discipleship and Theology
Grace Graduate School and Grace Bible Institute
Institute of Buddhist Studies
International Bible College
International Christian Graduate University
Landmark Baptist Schools
Latin American Bible College
L I.F.E. Bible College
Living Word Bible College
Melodyland School of Theology
North State Schools
Northern California Bible College
Nyingma Institute
Realife Bible College
Sacramento Baptist College and Seminary
San Bernardino Bible College
San Diego Bible College
San Francisco Baptist Theological Seminary
Shiloh Bible College
South Bay Bible Institute
Southern California Bible College
Southern California Community Bible College
Thomas Aquinas College
Trinity School of the Bible
United Church of Religious Science
Valley Christian University
Western Apostolic Bible College
Weimar College

TECHNOLOGY

Casa Loma Institute of Technology
Control Data Institute
Pacific States University
World Open University

URBAN POLICY

**Graduate School for Urban Resources and Social Policy
Institute for Clinical Social Work**

APPENDIX C

APPROVED DEGREE-GRANTING INSTITUTIONS

Academy of Art, San Francisco
Bachelor of Fine Arts
Master of Fine Arts
Academy of Arts and Humanities, Seaside
Bachelor of Fine Arts
BA in Fine Arts
MFA in Fine Arts
BA in Applied Music
BA in Drama
MA in Drama
MFA in Acting
BA in Dance
BA in Language
MA in Language
BA in Linguistics
MA in Applied Linguistics
BA in Classical Studies
MA in Classical Studies
MA in Marriage, Family and Child Counseling
BA in Area Studies
MA in Area Studies
MA in Art History and Criticism
American Academy of Dramatic Arts West, Pasadena
AA in Dramatic Arts
American Conservatory Theatre, San Francisco
MFA in Acting
American Film Institute, Center for Advanced Film Studies, Beverly Hills
MFA in Directing
MFA in Screenwriting
MFA in Cinematography
MFA in Producing
MFA in Art Directing
Bay City College of Dental Medical Assistants, San Francisco
AS in Veterinary Medical Assisting
AS in Medical Assisting
AS in Dental Assisting
AS in Crown & Bridge Dental Lab Technology
AS in Ceramics & Porcelain Dental Lab Tech
AS in Full Mouth Dentures Dental Lab Tech

AS in Medical Laboratory Assisting
 AS in Cardiorespiratory Technician
 California American University, Escondido
 MS in Management
 MS in Education
 California College of Law, Los Angeles
 BS in Law
 Juris Doctor
 California Graduate Institute, West Los Angeles
 MA in Psychology
 PHD in Psychology
 California Graduate School of Marital & Family Therapy, San Rafael
 PHD in Marital & Family Therapy
 Doctor of Marital, Family & Child Therapy
 California Graduate School of Theology, Glendale
 MA in Church Administration
 Doctor of Ministry
 California Institute of Transpersonal Psychology, Menlo Park
 MA in Transpersonal Psychology
 PHD in Transpersonal Psychology
 California Institute of Asian Studies, San Francisco
 MA in Asian Studies
 PHD in Asian Studies
 MA in Integral Counseling Psychology
 PHD in Psychology
 MA in East West Psychology
 California Missionary Baptist Institute & Seminary, Bellflower
 Associate in Theology - Bible Interpretation
 Bachelor of Theology - Bible Interpretation
 Master of Theology - Bible Languages
 Doctor of Theology - Bible Languages
 California Pacific University, San Diego
 MA in Management & Human Behavior
 Christian Heritage College, El Cajon
 Associate of Arts
 Bachelor of Arts
 Bachelor of Science
 Cleveland Chiropractic College, Los Angeles
 BS in Pre-Chiropractic Studies
 Doctor of Chiropractic
 Coleman College, San Diego
 Associate in Computer Science
 College of Osteopathic Medicine, Pomona
 Doctor of Osteopathy
 Columbia College, Los Angeles
 AA in Journalism

BA in Journalism
 MA in Journalism
 AA in Radio
 BA in Radio
 MA in Radio
 AA in Television Broadcasting
 BA in Television Broadcasting
 MA in Television Broadcasting
 AA in Television & Radio Engineering
 BA in Television & Radio Engineering
 MA in Television & Radio Engineering
 AA in Dramatic Arts
 BA in Dramatic Arts
 MA in Dramatic Arts
 AA in Motion Pictures
 BA in Motion Pictures
 MA in Motion Pictures
 Condie College, San Jose
 AA in Business Management
 Fielding Institute, The, Santa Barbara
 Master of Arts
 PHD in Education
 Doctor of Arts in Education
 PHD in Psychology
 Doctor of Psychology
 Glendale University College of Law, Glendale
 BSL
 LLB
 Juris Doctor
 LLM
 LLD
 Heald Institute of Technology, San Francisco
 Associate of Electronic Engineering Technology
 Bachelor of Electronic Engineering
 BS in Engineering
 Humanistic Psychology Institute, San Francisco
 MA in Psychology
 PHD in Psychology
 PHD in Humanistic Sciences
 Institute for Advanced Study of Human Sexuality, San Francisco
 Master of Human Sexuality
 Doctor of Arts in Human Sexuality
 Doctor of Human Sexuality
 PHD in Human Sexuality
 International College, Los Angeles
 MA in Psychology (U W.W.)

Bachelor of Arts (U.W.W.)
 Laurence University, Santa Barbara
 MA in Education
 Doctor of Education
 PHD in Education
 Linda Vista Baptist College & Seminary, El Cajon
 Bachelor of Arts
 Bachelor of Religious Education
 Master of Religious Education
 Bachelor of Theology
 Master of Theology
 Master of Science
 Master of Divinity
 Los Angeles College of Chiropractic, Glendale
 Doctor of Chiropractic
 Magna Carta University School of Law, South San Francisco
 BS in Law
 Juris Doctor
 Mid-Valley College of Law, Van Nuys
 Juris Doctor
 National Technical School, Los Angeles
 AS in Electronics Technology
 AS in Computer Technology
 AS in Automotive Tech and Diesel Engineering
 National University, San Diego
 Associate of Applied Sciences
 Bachelor of Science
 Master of Science
 Doctor of Science
 Bachelor of Arts
 Master of Arts
 Doctor of Arts
 Bachelor of Business Administration
 Master of Business Administration
 Doctor of Business Administration
 Bachelor of Technical Education
 Master of Technical Education
 Doctor of Technical Education
 Associate of Technology
 Bachelor of Technology
 Master of Technology
 Doctor of Technology
 Bachelor of Public Administration
 Master of Public Administration
 Doctor of Public Administration
 Oakland College Dental Medical Assistants, Oakland

- AS in Veterinary Medical Assisting
- AS in Medical Assisting
- AS in Dental Assisting
- AS in Crown & Bridge Dental Lab Technology
- AS in Ceramics & Porcelain Dental Lab Tech
- AS in Full Mouth Dentures Dental Lab Tech
- AS in Medical Laboratory Assisting
- Pacific Coast Baptist Bible College, San Dimas
 - BA in Business
 - BA in Theology
 - BA in Christian Education
 - BA in Music
- Pacific Graduate School of Psychology, Palo Alto
 - PHD in Clinical Psychology
- Paideia, Berkeley
 - AA in General Studies
 - BA in General Studies
 - MA in General Studies
 - Doctor of Arts in General Studies
 - PHD in General Studies
- Palo Alto School of Professional Psychology, Palo Alto
 - MA in Behavioral Science
 - PHD in Clinical Psychology
- Pasadena College of Chiropractic, Pasadena
 - Doctor of Chiropractic
- Patten Bible College, Oakland
 - Associate of Arts
 - BA in Christian Education
 - BA - Pastoral
- Psychological Studies Institute, Palo Alto
 - MA in Clinical Counseling Psychology
 - PHD in Clinical Counseling Psychology
- Rancho Arroyo College, Sacramento
 - AS in Vocational Nursing
 - AS in Dental Technology
 - AS in Mortuary Science
 - AA in Theology
- San Diego College of Engineering, San Diego
 - AS in Electronic Engineering
 - BS in Electronic Engineering
- Southern California Psychoanalytic Institute, Beverly Hills
 - PHD in Psychoanalysis
- University for Humanistic Studies, San Diego
 - MA in Counseling Psychology
- Western Regional Learning Center, San Francisco
 - MA in Education

MA in Social Philosophy
BA in Psychology
MA in Psychology
BA in Human Services & Community Development
MA in Human Services & Community Development
BA in Social Sciences
MA in Social Sciences
BA in Humanities - Arts
MA in Humanities - Arts
PHD in Higher Education & Social Change
Western States College of Engineering, Inglewood
AS in Electronics Engineering Technology
BS in Electronic Engineering
BS in Mechanical Engineering
Wright Institute Los Angeles, Los Angeles
PHD in Social-Clinical Psychology
Yeshiva University of Los Angeles, Los Angeles
BA in Judaic Studies

APPENDIX D

TABLE 1

INSTITUTIONS APPROVED TO GRANT DEGREES IN CALIFORNIA 1979 - 1980

Name of Institution	Month of Approval	Degree Programs Approved
Yeshiva University of Los Angeles	June 1979	BA in Judaic Studies
Palo Alto School of Professional Psychology	August 1979	MA in Behavioral Science PHD in Clinical Psychology
California Graduate School of Marital and Family Therapy	March 1980	PHD in Marital and Family Therapy Doctor of Marital, Family and Child Therapy
California Western University	August 1980	BS in Business Adminis- tration BS in Management MBA in Business Adminis- tration PHD in Business Adminis- tration PHD in Management
University Associates Graduate School of Human Resource Development	August 1980	MA in Human Resource Development MA in Human Resource Management
Professional School for Humanistic Studies	September 1980	MA in Counseling Psy- chology PHD in Counseling Psy- chology

TABLE 2

INSTITUTIONS DENIED APPROVAL TO GRANT DEGREES IN CALIFORNIA 1979 - 1980

Name of Institution	Month of Denial	Degree Programs Denied
Newport University	September 1980	MBA in Business Admin- istration BA in Human Behavior MA in Human Behavior PHD in Human Behavior MA in Religion Doctor of Religion

APPENDIX E

ACCREDITED DEGREE-GRANTING INSTITUTIONS IN CALIFORNIA [INSTITUTIONS AUTHORIZED TO OPERATE UNDER EDUCATION CODE SECTION 94310(A)]

American Baptist Seminary of the West, Berkeley
Antioch University West, San Francisco
Armstrong College, Berkeley
Art Center College of Design, Pasadena
Azusa Pacific College, Azusa
Bauder College, Sacramento
Bay Valley Tech, Santa Clara
Bethel Theological Seminary, St. Paul, Minnesota
Bethany Bible College, Santa Cruz
Biola College, La Mirada
Brigham Young University, Provo, Utah
Brooks College, Long Beach
Brooks Institute of Photography, Santa Barbara
California Baptist College, Riverside
California College of Arts and Crafts, Oakland
California College of Podiatric Medicine, San Francisco
California Institute of Technology, Pasadena
California Institute of the Arts, Valencia
California Lutheran College, Thousand Oaks
California School of Professional Psychology, Berkeley
California School of Professional Psychology, Fresno
California School of Professional Psychology, Los Angeles
California School of Professional Psychology, San Diego
California Western School of Law, San Diego
Center for Early Education, Los Angeles
Chapman College, Orange
Church Divinity School of the Pacific, Berkeley
Claremont Graduate School and University Center, Claremont
Claremont Mens College, Claremont
Cogswell College, San Francisco
Coleman College, San Diego
College of Notre Dame, Belmont
College of St. Francis, Joliet, Illinois
College of St. Thomas, St. Paul, Minnesota
College of the Canyons, Valencia
Columbia College Extended Studies Division, Columbia, Missouri
D Q University, Davis
Deep Springs College, Deep Springs
Dominican College of San Rafael, San Rafael

Dominican School of Philosophy and Theology, Berkeley
 Don Bosco Technical Institute, Rosemead
 Embry Riddle Aeronautical University, Daytona Beach, Florida
 Fashion Institute of Design and Merchandising, Los Angeles
 Franciscan School of Theology, Berkeley
 Fresno Pacific College, Fresno
 Fuller Theological Seminary, Pasadena
 Glendale University College of Law, Glendale
 Goddard College, Plainsfield, Vermont
 Golden Gate Baptist Theological Seminary, Mill Valley
 Golden Gate University, San Francisco
 Graduate Theological Union, Berkeley
 Grantham College of Engineering, Los Angeles
 Harvey Mudd College, Claremont
 Heald Institute of Technology, Santa Clara
 Hebrew Union College Jewish Institute of Religion, Los Angeles
 Holy Family College, Fremont
 Holy Names College, Oakland
 Humphrey's College, Stockton
 Immaculate Heart College, Los Angeles
 Jesuit School of Theology at Berkeley, Berkeley
 John F. Kennedy University, Orinda
 Lincoln Law School of Sacramento, Sacramento
 Loma Linda University, Loma Linda
 Los Angeles Baptist College, Newhall
 Los Angeles College of Chiropractic, Glendale
 Loyola Marymount University of Los Angeles, Los Angeles
 Loyola Law School, Los Angeles
 Marymount Palos Verdes College, Rancho Palos Verdes
 McGeorge School of Law, Sacramento
 McPherson College, McPherson, Kansas
 Menlo College, Menlo Park
 Menmonite Brethern Biblical Seminary, Fresno
 Mills College, Oakland
 Monterey Institute of International Studies, Monterey
 Mount St Marys College, Los Angeles
 National Technical School, Los Angeles
 National University, San Diego
 New College of California, San Francisco
 Northrop University, Inglewood
 Nova University, Ft. Lauderdale, Florida
 Occidental College, Los Angeles
 Otis Art Institute of Parsons School of Design, Los Angeles
 Ottawa University, Ottawa, Kansas
 Pacific Christian College, Fullerton
 Pacific Luthern Theological Seminary, Berkeley

Pacific Oaks College, Pasadena
 Pacific School of Religion, Berkeley
 Pacific Union College, Angwin
 Pepperdine University, Malibu
 Pitzer College, Claremont
 Point Loma College, San Diego
 Pomona College, Claremont
 Queen of the Holy Rosary College, Mission San Jose
 Rand Graduate Institute Policy Studies, Santa Monica
 Rutledge College, San Diego
 San Fernando Valley College of Law, Sepulveda
 San Francisco Art Institute, San Francisco
 San Francisco College of Mortuary Science, San Francisco
 San Francisco Conservatory of Music, San Francisco
 San Francisco Law School, San Francisco
 San Francisco Theological Seminary, San Anselmo
 San Joaquin College of Law, Fresno
 San Jose Bible College, San Jose
 Santa Barbara College of Law, Santa Barbara
 School of Theology at Claremont, Claremont
 Scripps College, Claremont
 Siena Heights College, Adrian, Michigan
 Sierra College of Business, Los Angeles
 Simpson College, San Francisco
 Southern California College, Costa Mesa
 Southern California College of Optometry, Fullerton
 Southern California Institute of Architecture, Santa Monica
 Southwestern University School of Law, Los Angeles
 St. Johns College, Camarillo
 St. Joseph's College, North Windham, Maine
 St. Mary's College of California, Moraga
 St. Patricks College, Mountain View
 St. Patricks Seminary, Menlo Park
 Stanford University, Stanford
 Starr King School for the Ministry, Berkeley
 Stephens College, Columbia, Missouri
 United States International University, San Diego
 University of Bridgeport, Bridgeport, Connecticut
 University of Judaism, Los Angeles
 University of La Verne, La Verne
 University of Phoenix, Phoenix, Arizona
 University of Redlands, Redlands
 University of San Diego, San Diego
 University of San Diego, School of Law, San Diego
 University of San Francisco, San Francisco
 University of Santa Clara, Santa Clara

University of Southern California, Los Angeles
University of the Pacific, Stockton
University of West Los Angeles, Culver City
Upper Iowa University, Fayette, Iowa
Ventura College of Law, Ventura
West Coast Bible College, Fresno
West Coast University, Los Angeles
Western State University College of Law, San Diego
Western State University College of Law, Fullerton
Westminster Theological Seminary in California, Escondido
Westmont College, Montecito
Whittier College, Whittier
Woodbury University, Los Angeles
Wright Institute, Berkeley

APPENDIX F

ACCREDITATION AGENCIES

The most common accreditation agencies serving colleges and universities in California:

American Association of Bible
Colleges (AABC)
Box 1523
Fayetteville, Arizona 72721
(501) 521-8164

Cosmetology Accrediting Com-
mission (CAC)
1735 K Street, N.W.
Washington, DC 20006
(202) 331-9550

American Bar Association (ABA)
C/O Indiana University
355 North Lansing Street
Indianapolis, Indiana 46202
(317) 264-8071

The Council on Chiropractic
Education (CCE)
3209 Ingersoll Avenue
Des Moines, Iowa 50312
(515) 255-2184

American Medical Association (AMA)
535 North Dearborn Street
Chicago, Illinois 60610
(312) 751-6272

National Association of Trade
and Technical Schools (NATTS)
2021 K Street, N.W.
Washington, DC 20036
(202) 296-8892

American Psychological Association
(APA)
1200 17th Street, N.W.
Washington, DC 20036
(202) 833-7692

National Home Study Council (NHSC)
1601 18th Street, N.W.
Washington, DC 20009
(202) 234-5100

Association of Independent Colleges
and Schools (AICS)
1730 M Street, N.W.
Washington, DC 20036
(202) 659-2460

Western Association of Schools
and Colleges (WASC)
C/O Mills College
P.O. Box 9990
Oakland, California 94613
(415) 632-5000

Source: Guide to California Private Postsecondary Career Education,
California State Department of Education, 1980, p. 8.

APPENDIX G

OUT-OF-STATE ACCREDITED INSTITUTIONS KNOWN TO BE OFFERING EDUCATIONAL PROGRAMS IN CALIFORNIA

NOVEMBER 1980

Antioch University West, San Francisco; Yellow Springs, Ohio
Bethel Theological Seminary; St. Paul, Minnesota
Brigham Young University; Provo, Utah
College of St. Francis; Joliet, Illinois
College of St. Thomas; St. Paul, Minnesota
Columbia College; Columbia, Missouri
Embry Riddle Aeronautical University; Daytona Beach, Florida
Goddard College; Plainfield, Vermont
Gonzaga University; Spokane, Washington
Mc Pherson College; Mc Pherson, Kansas
Maharishi International University; Fairfield, Iowa
Nova University, Ft. Lauderdale, Florida
Ottawa University; Ottawa, Kansas
St. Joseph's College, North Windham, Maine
Siena Heights College; Adrian, Michigan
Stephens College; Columbia, Missouri
University of Bridgeport; Bridgeport, Connecticut
University of Phoenix; Phoenix, Arizona
Upper Iowa University; Fayette, Iowa
Webster College; St. Louis, Missouri

Source: Office of Private Postsecondary Education

Note: This list includes only those out-of-state institutions which have registered with the Office of Private Postsecondary Education.